

The NATIONAL UNDERWRITER



GENERAL
REINSURANCE CORPORATION

Casualty
Fidelity - Surety

90 JOHN STREET, NEW YORK • 200 BUSH STREET, SAN FRANCISCO

THURSDAY, NOVEMBER 21, 1940



COMPLETE KIT OF TOOLS and a plan for using them

Gone are the days when the company Advertising Department felt it had done its duty when it handed out a bunch of leaflets and a lot of blotters with an imprint, and left the agent to his own devices as to their use.

With The National Fire Group, consistent and comprehensive help for agents is an important function. Continual promotional programs, complete down to the last instruction as to mailing dates,

visual sales manuals . . . helps such as these are always in process of production.

Of particular significance is one year-round sales promotion project available to agents of companies in The National Fire Group. This is a spectacular flashing window display which features timely coverages throughout the year. Together with this, a series of twelve blotters, reproducing the illustrations on the flasher, ties in with the type of insurance currently being pushed. ☆ ☆ ☆

Our agents know that with the support of your National Fire Group Counselor, coupled with the sound advertising value of the promotional material he offers, a better type of clients and larger premium income are a certainty — provided only that these selling aids are consistently and correctly used. ☆ ☆ ☆ ☆ ☆

Your National Fire Group Counselor is expressly employed to give you all the co-operation and competent help you need. Use him to the utmost if you want to get the utmost in results.



THE NATIONAL FIRE GROUP

NATIONAL FIRE INSURANCE COMPANY OF HARTFORD—TRANSCONTINENTAL INSURANCE COMPANY
MECHANICS & TRADERS INSURANCE COMPANY—FRANKLIN NATIONAL INSURANCE COMPANY OF NEW YORK

Home and Administrative Offices: 95 Pearl Street, Hartford, Connecticut

Western Department: 175 West Jackson Boulevard, Chicago — Pacific Department: 234 Bush Street, San Francisco

THE NATIONAL UNDERWRITER. Published weekly (with one additional issue in April) by The National Underwriter Company. Office of publication, 175 W. Jackson Blvd., Chicago, Ill., U.S.A. Forty-fourth year. No. 47. Thursday, November 21, 1940. \$4.00 a year (Canada \$5.00), 20 cents per copy. Entered as second-class matter April 25, 1931, at the post office at Chicago, Ill., under Act of March 3, 1879.



Women... and Arithmetic

Are men really better at household arithmetic than women? Let's look at the question in terms of insurance.

What woman would carry only \$1,000 or \$2,000 of fire insurance on furniture, clothing, etc., when it would cost several times as much to replace them? What woman does not know what a financial burden would fall on her if her husband were injured in an accident? Yet many a man overlooks these vital needs.

So here's a practical suggestion to husbands and wives. Don't guess about insurance... consult your local agent or broker. He can give you expert advice on which policies to buy—how much—and what to do in event of loss. So valuable are his services that the Aetna Fire Group sell only through such agencies.

A further point worth knowing is that when your policy is with a capital stock

company, it is backed by both a paid-in capital and surplus. You are never liable for assessment.

**Don't Guess
About Insurance
—
CONSULT YOUR
LOCAL AGENT
or BROKER**



The AETNA FIRE GROUP

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The NATIONAL UNDERWRITER

Forty-fourth Year—No. 47 CHICAGO, CINCINNATI, NEW YORK AND SAN FRANCISCO, THURSDAY, NOVEMBER 21, 1940 \$4.00 Year, 20 Cents a Copy

Windstorm Nov. 11 Found One of Worst in Fire Business

**Estimates of Total Bill
Range Up to \$10,000,000—
Reports Still Sketchy**

Adjusters' estimates on the total insured loss in the Armistice Day windstorm that swept across many states in a 600 to 900 mile path range from \$5,000,000 to \$10,000,000, taking in all kinds of property insurance, plate glass and marine. These figures are based on very incomplete returns, for the adjusting business throughout the central west has been working night and day and branch offices of large adjustment companies have been unable to make reports to the head offices.

It seems now, according to a number of leading adjusters, that there will be 75,000 to 100,000 losses under windstorm policies handled. Western Adjustment estimates in all it will have referred to it about 40,000 losses, according to R. R. Lippincott, assistant general manager.

About 30,000 are known and 10,000 more anticipated. Of these, 1,000 are farm losses, the rest being mainly in small and large towns and cities.

Underwriters Adjusting expects a total of about 25,000 losses, T. A. Pettigrew, general manager, estimated. These figures do not contemplate a large number of farm losses, yet it is estimated the farm losses will be numerically about one-half of the losses of other kinds.

Figure 10,000 Losses in Chicago

In Cook county, Ill., where the adjusting work is most highly organized, it is still difficult to get a clear picture. The number of losses, however, is conservatively estimated from 8,000 to 10,000. There is a possibility, however, adjusters admit, that the Cook county insured loss may run as high as \$1,500,000 to \$2,000,000, including plate glass and marine forms.

Western Adjustment has had referred to it so far 2,500 losses from Cook county and parts of Du Page and Lake counties. Mr. Lippincott estimated that, excluding the larger losses on business and industrial plants throughout the central territory which are unusual and would unduly increase the average figure, the average loss will not run over \$50. However, other adjusters estimate the figure will be \$75 to \$100.

Of the 2,500 losses, only 300 to 400 have not yet been seen by the adjusters. The largest is estimated at \$3,000, another is \$1,000 and many have been estimated ranging between \$500 and \$700. The damage was found mainly due to roofs torn or stripped off entirely, much glass broken, which falls under the extended coverage endorsement.

In Cook county very little fire resulting from windstorm damage was found.

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Adjusters Group Reports Progress

**Executive Committee
Meets in Wichita—Mem-
bership Is Expanding**

WICHITA, KAN.—The most representative and largest executive committee meeting of National Association Independent Insurance Adjusters was held here in the home city of W. H. Moore, executive secretary. President L. A. Horton, of Oklahoma City, presided at the busy session which was concluded late Sunday.

Starting with 24 charter members in 1937, the membership is now over 200. Membership applications were considered and about 25 were accepted.

Plan Dallas Convention

C. E. DeWitt, Dallas, vice-president in charge of special lines, was named convention committee chairman for the annual meeting in Dallas, May 12-14, immediately preceding the annual meeting of the Texas Association of Insurance Agents. Assisting will be E. J. Mannie, vice-chairman, San Antonio, L. M. Kizer, Waco, and J. W. Gainer, Austin, president of Texas Association of Independent Insurance Adjusters. It is probable that there will be some interlocking of programs between the agents and adjusters gatherings as D. G. Foreman, executive secretary Texas Association of Insurance Agents, has indicated a willingness to cooperate in this respect.

There was a detailed discussion of what constitutes a branch office. Needed revisions of the constitution were reported by J. C. Greene, Raleigh, N. C., executive vice-president, a draft of which will soon be mailed to the entire membership for consideration.

Progress Being Made

V. A. Nichols, Washington, D. C., immediate past president, reported on the activities of the conference committee, composed of adjusters and the American Bar Association. Progress is being made in the handling of various problems arising in different sections.

Larger executive quarters were arranged for Secretary Moore and Miss Joyce Mowery has been employed full time as assistant to Mr. Moore. Offices will remain in the Wheeler, Kelly, Hagmy building, Wichita, from which a complete new membership roster will be mailed about Jan. 1.

President Horton pointed out that the association's program is to cooperate with companies and agents. A check will be maintained on adjusters not abiding by the code of ethics and principles of the association. Organized with vice-presidents in charge of each line, fire, casualty, and special lines, it is hoped to develop each of these groups similar to the groups in other professional organizations.

WICHITA SIDELIGHTS

F. E. Tidwell, Los Angeles, and Ross Whitney, Chicago, flew to Wichita for the adjusters meeting but threatening weather prevented James C. Green, Ra-

Agency Leaders at New York Parley

**National Association Ex-
ecutive Committee Devotes
Week to Charting Course**

NEW YORK—Questions of high importance to the future of the American agency system are being considered by the officers and executive committee of the National Association of Insurance Agents, which began its sessions at the Pennsylvania hotel, Sunday, and has been meeting constantly each day and often long into the night. It is hoped decision upon a number of the topics, if not upon all, will have been reached by Friday evening. To expedite the work in hand, sub-committees were named to consider respectively: agency qualification and counter-signature laws, education and graduation of commissions and expenses. After the subjects had been threshed over by the sub-committees in conference with committees representing fire and casualty companies respectively, the reports were made to the executive committee as a whole. Other subjects reviewed included branch offices, commissions on surety bonds and the new plan of the National Automobile Underwriters Association for handling automobile finance business. Real progress, it is reported has been made toward attaining desired objectives, company and agency representatives displaying a sincere desire to reach an accord that will be fair to all parties at interest. In addition to President P. H. Midyette; Vice-President R. W. Forshay; Executive Committee Chairman S. O. Smith, and General Counsel W. H. Bennett, these members of the executive committee are in attendance: Wade Fetzer, Jr., Chicago; L. W. Garlich, St. Joseph, Mo.; G. W. Haerle, Portland, Ore.; F. A. Moreton, Salt Lake City; D. A. North, New Haven; T. G. Redden, Greensboro, N. C.; Terrell Woosley, Lake Charles, La.; Chris Zoercher, Tell City, Ind. A. I. Wolff, Chicago, former president, was also present for a time and participated in the discussions.

leigh, N. C., from flying. Mr. Green motored to Atlanta with his family, then came on by train via St. Louis whence he completed the trip by train with C. A. Moore, Springfield, Ill., V. A. Nichols, Washington, D. C., and Julian Calhoun, Spartansburg, S. C.

C. E. DeWitt, Dallas, who brought in the largest number of membership applications, claimed a hat which President L. A. Horton had suggested should be awarded to the high man. Mr. DeWitt reported that 12 of the 25 members of the Texas association are now members.

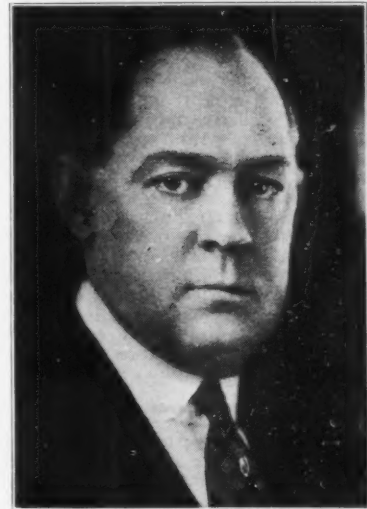
The November issue of the association's bulletin edited by F. E. Tidwell, Los Angeles, was the largest and best of any so far. Each member of the executive committee has taken his turn in editing the monthly bulletin since it was launched less than two years ago. The cover included a group of cartoons publicizing the Dallas annual convention.

V. A. Nichols, Washington, D. C., immediate past president and representative of the association on the conference committee on adjusters, remained over a day to look over Wichita.

Successful Meeting Reveals Unity as to Public Policy

**Southeastern Underwriters
Association Gathering
Is Well Attended**

PINEHURST, N. C.—The Southeastern Underwriters Association held its midyear meeting here this week which was well attended by a number of company officials. It was regarded as successful from beginning to end. J.



J. M. WALLER

M. Waller, vice-president Aetna Fire, is president of the S. E. U. A. and his address high-lighted its contribution to the national defense program in cooperation with the National Board and Chairman H. V. Smith's committee, which represents the entire insurance industry with relation to war preparations.

Particular mention was made of the nearer approach to unity of the insurance companies in seeing eye to eye as to ways and means of better supplying the insurance needs of the public. In commenting on regulation of the business President Waller declared that an informed public is fair in its judgment of the business and that there are a number of insurance commissioners who have the vision to look beyond the borders of their respective states and recognize the interstate aspect of insurance.

Executive Committee Reports

One of the important items of the executive committee report presented by Chairman L. P. Jervey, Travelers Fire, was the information that conferences between the S. E. U. A. and the I. M. U. A. with respect to the personal prop-

(CONTINUED ON PAGE 12)

Expense Ratio Rise Is Causing Concern

E. W. Elwell Surveys Business for Cincinnati Fire Underwriters

CINCINNATI—In a scholarly and thought provoking address on "Insurance Kaleidoscope" at a meeting of the Cincinnati Fire Underwriters Association, E. W. Elwell, United States manager Royal Exchange group, pointed out that insurance "is a respectable and kindly business which is administered with a human instinct. All types of insurance," he said, "are concerned with the alleviation in one form or another of human misery."

Discussing current problems Mr. Elwell said that the question might be thoughtfully and continually asked, "What can be done to improve the business?" The individual asks, "What can I do to promote the good of the business?" These questions, he said, are to be asked rather than from the viewpoint implied by the question, "What's wrong with the business?"

In the development of the business, Mr. Elwell said that the state insurance departments have done their work well and that their good results should be acknowledged.

Discusses Rising Expense Ratios

Mr. Elwell said that much talk has been heard about public relations. He said that he wanted to talk about private relations. The main problem of the business is the rising expense ratios.

In 1915, the fire company expense ratio was 36 percent; in 1940, about 50 percent. Similarly, about 25 years ago the casualty company expense ratio was 38 percent and it is now about 41 percent. In a cursory examination it might be said that the increase was caused by a reduction in rates, he stated, the average reduction in fire rates being about 30 percent with corresponding increase in the expense ratio of about 33 percent.

One of the chief obligations of a fire insurance company is to pay losses, but it has a greater obligation to prevent losses. All waste elimination contributes to the national wealth.

Factors Causing Increase

Mr. Elwell suggested a number of factors which were responsible for an increased expense ratio. Taxes have increased from 3.3 percent to more than 5 percent of premium income. There is a tendency for commissions to rise, increasing from 20 percent to 26 percent.

About five percent of the taxes collected by the state department are used to run the department. If about one additional percent was used to develop a formula for calculating loss reserves, which would be used uniformly, it would mean a tremendous saving for the companies.

Primary functions of the insurance departments are to supervise mushroom companies, to insure that a fair rate is charged, and to see that the policyholders have been dealt with fairly.

Minimizes Over-the-Counter System

Mr. Elwell minimized any tendency toward an over-the-counter system of insurance distribution. The insurance business, he said, is a highly personal business and it is necessary to know the person who is being dealt with.

Mr. Elwell then brought forward a number of considerations which are entitled to a careful study in the problem of increasing expense ratios.

Mr. Elwell suggested that the bogey of federal supervision might not be as fearsome as some anticipated. Operations under a single supervisory body would naturally be reduced over the

(CONTINUED ON PAGE 15)

FAMOUS ANITA, IA., FORSHAYS

There is much human interest in the record of R. W. Forshay of Anita, Ia., a hamlet of 1,100 people, who has been elected vice-president of the National Association of Insurance Agents and is on the road to the presidency. J. Dillard Hall, assistant agency director of the U. S. Fidelity & Guaranty, in its recent house organ, gives salutations to Mr. Forshay for what he has accomplished. The company is represented in the Forshay agency which is conducted by R. W., and his father, B. D. Forshay. Mr. Forshay, Jr., came into prominence in the agency work as sponsoring the rural agents' movement, which has resulted in a large increase in membership in state associations and much more interest on part of the men in that rank. B. D. Forshay is the office man looking after details, while "Mickey" is the salesman and is out after business most of the time. Both the Forshays are



leaders in their community in many ways. The picture of Mr. and Mrs. B. D. Forshay shows them as they appeared at their golden wedding anniversary celebrated this year.

Momsen Must Serve 4 Years Prison Term, Loses Appeal

MILWAUKEE—J. B. Momsen, former president of Associated Adjusters, Inc., whose activities created wide interest in and out of the insurance business for several years, and who was found guilty last December in federal district court here on charges of using the mails to defraud in connection with promising jobs as insurance adjusters, must serve the four-year federal prison term imposed on him. The conviction has been upheld by the U. S. circuit court of appeals at Chicago, according to a mandate received by Judge Duffy here.

The four-year sentence is on the first of 37 counts and another term of a year and a day is on 36 other counts. The terms are to run concurrently. A jury of 10 men and two women found Momsen guilty of using the mails to defraud in collecting \$5 fees from applicants who desired to become insurance adjusters.

Momsen appealed his case to the higher court, contending that the indictment was faulty and that the jury verdict was improper. The higher court, however, held that the indictment was proper as well as the verdict. Momsen had sought to shift the blame for the company's trouble with the government on William Cressy, his former partner, now serving a federal prison sentence on other fraud charges involving the use of the mails.

Blackall Makes Changes in Committee Assignments

Resignation of Director Palmer of Illinois and Casualty Commissioner Waters of Texas made it necessary for Commissioner Blackall of Connecticut, president National Association of Insurance Commissioners, to make some changes in committee assignments. The only one affecting life insurance is the appointment of the new Illinois director, C. Hayden Davis, as a member of the committee on valuation of securities other than real estate, succeeding Mr. Palmer. The vacancy on the committee on convention examinations caused by Mr. Palmer's resignation will not be filled until after the commissioners' mid-year meeting in New York next month.

Rouillard of New Hampshire becomes vice-chairman of the casualty and surety committee succeeding Waters. Reuben Williams, new Texas commissioner, is named a member of the committee. C. H. Davis, new Illinois director, succeeds Mr. Palmer on the fire and marine committee and also on the committee on valuation of securities other than real estate. Goodpaster of Kentucky becomes vice-chairman of the workmen's compensation committee and Williams of Texas is appointed on this committee. Lloyd of Ohio succeeds Waters on the committee on uniform automobile practice.

Full Schedule for AMA Session

Detailed Program Announced for Buyers' Rally in Chicago, Dec. 5-6

The detailed program has now been announced for the insurance conference of the American Management Association in Chicago, Dec. 5-6. At the opening session the morning of Dec. 5, R. S. Bass, treasurer A. E. Staley Manufacturing Company, Decatur, Ill., will preside. W. A. Sullivan, insurance department manager of the Loose-Wiles Biscuit Company, Kansas City, will make the opening remarks in his capacity as vice-president of the AMA insurance division. Then two speakers will interpret and analyze results of a survey that the AMA conducted among its publicly owned member companies to determine the need for directors' liability insurance. The commentators are R. L. Arnheim, treasurer Chicago Mail Order Company, and R. T. Wood, bank division manager of American Surety.

Then there will be a period devoted to insurance problems created by conscription, the speakers being I. R. Andrews, director of personnel mail order and headquarters staff Sears, Roebuck & Co., and George Rogers, insurance manager Robert Gair Company, New York.

Blanchard to Preside

At the afternoon session, Ralph A. Blanchard of Columbia University will preside. This time there will be informal discussion under six headings, with an authority assigned to each topic. These include:

Bonding, A. L. Carr, vice-president National Surety; safety, H. W. Heinrich, assistant superintendent of engineering and inspection Travelers; liability insurance, E. W. Sawyer, attorney National Bureau of Casualty & Surety Underwriters; fire insurance, E. N. Harriman, secretary United Mutual Fire of Boston; establishing insurable values for adjustment, Frank L. Erion, prominent independent adjuster, Chicago, and hospitalization and medical care insurance, Armand Sommer, assistant to vice-president Continental Casualty.

That evening there will be three separate dinner meetings at one of which bonding will be discussed, another safety and the third liability insurance. At each dinner, a buyer will preside and there will be a technical adviser. At the bonding dinner, the functionaries will be L. J. Roudier, manager insurance division Continental Illinois National Bank & Trust Company, and E. M. Allen, executive vice-president National Surety.

At the safety dinner, the leaders will be H. H. Hook, manager insurance department Koppers United Company, Pittsburgh, and H. W. Heinrich.

At the liability dinner, there will be J. H. Wamsley, insurance adviser Borg-Warner Corporation, Chicago, and E. W. Sawyer.

The session the next morning will be devoted to war risk covers in the fire, marine and casualty fields. Mr. Sullivan will preside. The speaker on the fire insurance aspects will be R. J. Folonie, Chicago attorney; marine, R. W. Cauchois, Johnson & Higgins, New York, and casualty, J. C. L. Bowman, assistant vice-president and chief underwriter Liberty Mutual.

The group will assemble for lunch and remain at their tables for informal discussion throughout the afternoon. Alvin E. Dodd, president of the AMA, will preside at the luncheon. Informal discussion is to be directed at the subject of boiler and machinery U. & O. with J. H. Coburn, vice-president of Travelers Indemnity, leading.

THIS WEEK IN INSURANCE

Southeastern Underwriters Association met this week at Pinehurst, N. C. **Page 3**

Adjusters' estimates of insurance loss in Armistice Day windstorm in many central western states range up to \$10,000,000. **Page 3**

Executive committee of National Association of Insurance Agents takes up important issues at meeting in New York. **Page 3**

Rising expense ratio big problem today, E. W. Elwell declares in Cincinnati address. **Page 4**

Complete program for insurance conference of American Management Association in Chicago announced. **Page 4**

S. D. McComb gives timely comment on export trade situation. **Page 5**

National Association of Independent Adjusters holds successful executive committee meeting in Wichita. Progress reported. **Page 5**

Momentum increases among credit men in effort to bring about greater cooperation with insurance people. **Page 5**

Fire losses for the first ten months of the year are given. **Page 11**

J. V. Parker Collection has been established at Illinois Institute of Technology, Chicago, in memory of the late manager of the Western Actuarial Bureau. **Page 14**

S. D. Pinney, Travelers, elected president of **Casualty Actuarial Society** at annual meeting in New York. **Page 21**

F. S. Perryman, in talk at Casualty Actuarial Society meeting, calls for more correct, scientific handling of the expense portion of the premium. **Page 23**

Illinois department issues report of the first examination to be made of London Lloyds since its setup in Illinois was changed in 1936. **Page 21**

Jarvis Farley, actuary Massachusetts Indemnity, gives some observations on non-cancellable disability insurance. **Page 23**

Outlook for casualty and surety business next year is reviewed. **Page 21**

A. D. Anderson joins Occidental Life as accident and health division manager for central west. **Page 26**

New York City Accident & Health Club held its annual meeting. **Page 22**

More Cooperation Is Assured with Credit Interests

Cooperating Insurance Committee Is Appointed by Their National Body

NEWARK—Stating that recent developments presage important results of a practical nature in the near future in so far as the ever-increasing cooperation between credit men and insurance agents is concerned, Chairman F. B. Heller of the National Association of Insurance Agents insurance advisory committee to credit men hailed enthusiastically the appointment of a special national committee on insurance by the National Association of Credit Men.

Discussing informally the recent joint activities of the two groups, Mr. Heller, a prominent Newark agent, expressed the belief that the next few months would see a vastly increased momentum in the work. Two significant milestones on the road to effective cooperation between credit men and insurance agents were passed within the last two weeks, according to Mr. Heller.

Two Significant Milestones

First, the National Association of Credit Men announced the appointment of a special national committee on insurance to work with the insurance advisory committee to credit men of the National Association of Insurance Agents in the preparation of a suitable form for the use of credit men in determining whether the hazards which might affect the standing of a customer are adequately covered by insurance.

Second, Mr. Heller effectuated a conference with the newly appointed chairman of the credit men's committee, during the course of which an intensive review and study of the situation to date was made and an outline for future action was set.

G. C. Klippel Is Chairman

Chairman of the new national committee on insurance for the credit men is Credit Manager G. C. Klippel of the Van Camp Hardware & Iron Co., Indianapolis, in which city the conference was held last week. Mr. Klippel has for long been an interested participant and commentator in regard to the possibilities for coordination of activity between credit men and agents, and has contributed articles in this connection to "Credit and Financial Management," official publication of the National Association of Credit Men. Vice-chairman of the committee is Alfred Rothschild of Weiss & Klau Co., New York. Other members of the Credit Association's committee are: A. L. Spence, Foster Brothers Manufacturing Company, St. Louis; J. A. Wilson, General Electric Supply Corp., Denver; W. F. Roemler, Diem & Wing Paper Co., Cincinnati; F. J. Hogg, Butler Brothers, Dallas; E. R. Ailes, Detroit Steel Products Co., Detroit; W. H. Christy, Arbuthnot-Stephenson Co., Pittsburgh; J. M. Sprague, Leitz Carpet Co., Minneapolis; W. T. Lundquist, Lorraine Corp., Los Angeles; W. H. Thune, Pillsbury Flour Mills Co., Buffalo; F. E. Clyde, Parafine Companies, Seattle; E. E. Young, Leo J. Meyberg Co., San Francisco, and A. F. White, Flash Chemical Co., Cambridge, Mass.

Observe Loss Group's Anniversary

HARTFORD—Members of the New England Loss Conference together with

New York Meeting to Hear Farewell of Some Officials

The National Association of Insurance Commissioners at its New York meeting will witness the retirement of some of the prominent members who will be attending their last convention officially. Among those who are certain to be out are Palmer of Illinois, Lovejoy of Maine, Knott of Florida, Emery of Michigan, Walrath of Idaho, Yetka of Minnesota, Smrha of Nebraska, Weller, Rhode Island, Lucas, Missouri. Among those in doubt are Harrison of Arkansas, who is most likely to go; Viehmann, Indiana; Harrington, Massachusetts; Neslen, Utah. Some can remain if they desire but it is doubtful whether they will want to continue.

It is generally understood in Vermont that D. A. Hemenway, commissioner of banking and insurance, will retire from that position and will not be a candidate for reappointment.

Commissioner Blackall of Connecticut was appointed for a term that will not expire until beyond the two-year period of the new Democratic administration. Even if his term expired during 1941 or 1942 it is not likely that the newly elected governor would displace him as Mr. Blackall himself is a Democrat.

There has been much speculation as to the probable appointment in Illinois by Governor-elect Green. Some insurance men have been mentioned as possible candidates for the place. However, some of Governor Green's intimates are inclined to believe that he will not appoint an insurance man if he can secure a satisfactory attorney. It is stated that he has offered the place to a prominent lawyer but whether he can afford to accept has not been announced.

NEBRASKA SITUATION

LINCOLN, NEB. — Governor-elect Griswold is back from his hunting trip, but has given no indication of possible appointments in the near future. Among those mentioned as possibilities for the position of insurance director are Lloyd C. Dort, former commissioner, who is now general counsel for the Service Life of Omaha; J. B. Chase, Omaha, former legislator and former attorney general, and I. D. Beynon, Lincoln lawyer, who has been a close political associate of the new governor.

Friends of Conn W. Moose of Omaha, former director, are active in pushing his candidacy. He was named director by Governor Cochran when he took office in January, 1935, but was removed seven months later after several clashes with the governor over department and supervision policies. One Nebraska company executive says the governor-elect has assured him that insurance interests will be consulted before any decision on the appointment has been reached.

HOLMES HAS BIG MAJORITY

John J. Holmes, insurance commissioner of Montana, was reelected by a majority of about 50,000.

NEW MINNESOTA POSSIBILITY

ST. PAUL—Another man mentioned as a possible successor to Commissioner Frank Yetka when his term expires Feb. 1 is E. Ray Cory, life agent at Austin and president of the Minnesota State Automobile Association. He has been active in safety campaigns and is publicly on record as opposed to compulsory automobile insurance.

members of the Eastern Loss Executives held a dinner at the Hartford Club here in celebration of the 10th anniversary of the former body's launching. State Senator Abraham Kaplin, prominent insurance attorney of New York City, was guest speaker.

S. D. McComb Gives Timely Comment on Export Trade

NEW YORK—So much has been written about the importance of South America as a "new" market for United States goods that we may fail to realize how many other rapidly growing customers we are gaining, customers who in some measures counterbalance those European markets which are lost at present, according to Manager S. D. McComb of the Marine Office of America, who has prepared some timely comment on the foreign trade situation, using as a basis the statistics contained in "United States Foreign Trade During the First Year of the War," prepared by the Department of Commerce.

Mr. McComb points out that a comparison of the 12 months ended August, 1940, with a similar period ended August, 1939, shows the following:

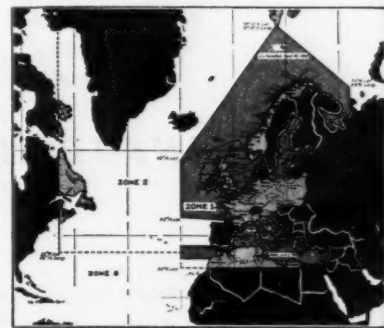
Total	Increase Exports %	Change Imports %
Europe	+36.6	-16.9
North, North America ..	+52.8	+34.9
Latin America	+42.4	+29.9
Asia	+24.0	+48.1
Oceania	+15.6	+18.9
Africa	+17.5	+65.6
Total	+36.6	+23.1

Foreign Trade Not Appreciated

"Perhaps it is too little understood how important export trade is to American industry, far beyond what its dollar volume might indicate," Mr. McComb comments. "Our exports of four billion dollars during the first year of war compare roughly with the retail sales of automobiles in the United States over the same period; the dollar volume in either case is less than one-tenth of our total annual domestic trade. But for many lines of business this export trade is 'cream on the bottle'—that portion of the goods manufactured which is sold abroad represents the top (and profitable) portion of the firm's output. Many a plant operating at 65 percent of its capacity is barely breaking even. That same plant operating at 75 percent capacity finds itself making a real profit because fixed costs such as for real estate, insurance, salesmen salaries, interest, plant depreciation, etc., remain practically constant whether the plant operates at 10 percent capacity or 100 percent capacity. Once these fixed costs are absorbed, the increased marketed production yields, beyond costs of labor, materials and taxes, nearly all profit. This profit goes to increased wages, bonuses, dividends to stockholders and/or expansion.

Effect Is Widespread

"Seen from that angle, our nation's volume of export trade becomes most significant. It can mark the difference between a good year or a bad year, to factories, to farms, to employed labor. It touches most people's lives—and pocketbooks—somewhere. Obviously, export trade volume has a direct effect upon writings of marine insurance, whose premiums are computed from rates applied against the dollar value of the export shipments. . . .

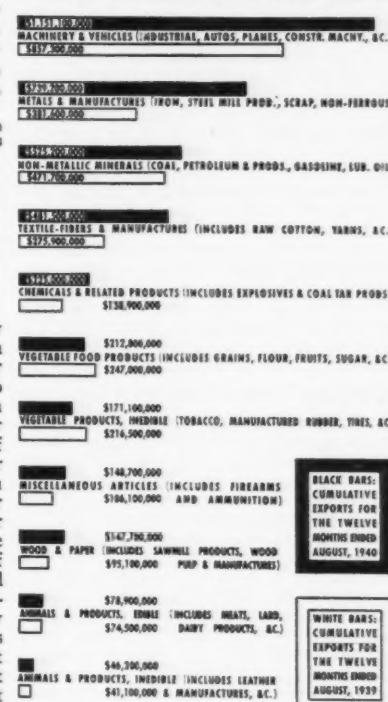


"The neutrality act zone map shows the many European, Mediterranean and other ports to which ships flying the U. S. flag may not sail. Regulations

have not, however, prevented most U. S. export commodities from reaching many of these destinations. They were conveyed in foreign vessels. In 1939, 10,817 American ships and 23,375 foreign ships cleared from United States ports for foreign ports. More recent totals for clearances from all U. S. ports are not available at present writing. It is interesting to compare the clearances

EFFECT OF WAR UPON U. S. EXPORTS

GRAPHIC COMPARISON OF COMMODITY EXPORTS DURING THE FIRST YEAR OF EUROPEAN WAR WITH THE PREVIOUS YEAR OF PEACE



SOURCE OF FIGURES: "UNITED STATES FOREIGN TRADE DURING THE FIRST YEAR OF THE EUROPEAN WAR", DEPARTMENT OF COMMERCE

from a single port, New York, during a single month, August, for the past two years. These August New York clearances compared as follows:

	1939, Aug.	Vessels cleared	Net tonnage
American	121	528,253	
Foreign	246	1,621,030	
Total	367	2,149,283	
1940, Aug.			
American	117	594,852	
Foreign	220	658,842	
Total	337	1,253,694	

"It will be noticed that the principal effect of wartime conditions was to reduce the tonnage of the foreign ships. This is explained by the fact that the large foreign liners, which had made repeated transatlantic trips in 1939 before the start of the war, were virtually all tied up and inactive after war had commenced. In August, 1940, the month the blitzkrieg attack commenced upon England, a ship cleared New York for Britain on an average of one every 14 hours—53 vessels during that month.

Demand U. S. Coverage

"Marine insurance has played an increasingly important part in foreign trade. It enables both the importer and exporter to know in advance the amount they must set aside to cover loss or damage which might happen to their goods due to perils of the sea while being transported to their destinations throughout the world. It is the system whereby the inevitable losses due to sea transportation are distributed lightly over all, instead of falling heavily upon a few.

"For many years, Americans engaged in foreign trade have been insisting upon insurance here, written in dollars

(CONTINUED ON PAGE 12)

Julian Lucas Talks on Proposed Fire Policy Revision

NEW YORK—Julian Lucas, president Davis, Dorland & Co., addressed the November meeting of Risk Research Institute on the proposed revision of the New York standard fire policy. He pointed out the ways in which he considered the revision superior to the present policy.

"The new form," he said, "follows closely the language of both the old and the new New York forms, thereby avoiding the criticism, with most of which I have little patience, in that the making of changes or the elimination of clauses would result in the loss of the benefit of the courts' interpretation of the standard fire policy."

"It should be borne in mind that the proposed changes and the additional perils insured, are changes and perils that are made or insured in everyday practice either by removing the restrictive clauses by endorsements or riders from the policy contract, or through so-called 'extended insurance coverage.' I can see nothing in the contention that it is perfectly proper to take out the restrictive clauses and waive policy conditions by endorsements or riders, but if you do the same thing directly by a process of elimination you then lose the courts' interpretation of the various clauses of the policy."

Questions "Loss of Interpretation"

"If you take out the policy prohibitions against a chattel mortgage, foreclosure, building standing on leased ground, how can any one say that by so doing the interpretation of these clauses by the courts has been lost?"

Mr. Lucas said that it has been proposed that the standard policy be rewritten in its entirety or that it be so shortened and simplified that a layman could read it and understand it. He said, however, that in his judgment such action would be very radical in that "we would lose the benefit of the courts' construction of its various clauses and provisions, most of which have been the subject of judicial interpretation for more than a century. It might endanger the entire structure of the fire insurance business and have a disturbing influence upon the credit of the country in that new clauses and language employed in a rewritten policy must await the courts' construction of its provisions."

Examination Report Made on Warner Reciprocal

There was a convention examination of the Warner Reciprocal Insurers of Chicago conducted by Illinois and Texas, as of Dec. 31. The head office is at 540 North Michigan avenue, Chicago. Its assets are \$1,395,574, premium reserve \$425,915, net surplus representing the savings for the year \$157,479, surplus in regard to subscribers \$583,394. All investments are United States Treasury issues and have an average yield of 3.5. Cash and bonds comprise 86.46 of the assets. The loss ratios for the three years 1937, 1938 and 1939 were 16.32, 16.12 and 31.1, respectively. This was established as an inter-insurance institution in October, 1913. Lansing B. Warner is the main man in the enterprise and its founder. Its premiums last year were \$845,859, total income \$877,708, losses \$247,392, total disbursements \$864,503. The percent of underwriting expenses incurred to deposits earned was 31 percent.

Canners Exchange

The same departments made an examination of the Canners Exchange of Warner's Inter-Insurance Bureau, Chicago, as of Dec. 31, showing assets \$4,079,026, reserves \$541,532, surplus reserve \$1,657,620, net surplus \$809,963. All its investments are in United States

Treasury issues and yield about 3.2 percent. Cash and bonds comprise 95.79 percent of the assets. Its loss ratios for the last three years have been 11.74, 24.58, 24.98 respectively. It limits its writings to canning factories and closely allied lines. It writes lines of \$1,000,000, which are reinsured down to \$120,000. Lansing B. Warner is president and treasurer, C. R. Leland, executive vice-president and secretary, John Eliot Warner, vice-president and assistant secretary, and A. S. Cate, vice-president.

State Fire Marshals' Meeting

State Fire Marshal H. M. Davis of Nebraska, president of the fire marshals' section of the National Fire Protection Association, states that the conference of his section to be held at the Stevens Hotel, Chicago, Dec. 5, will be in the nature of a discussion and no formal program will be arranged. Fire prevention measures in national defense activity will be the major topic. Electrical inspection and possibly fireworks legislation will be taken up.

Charles B. H. Loventhal, Nashville agent, presided over a session of the Bi-State (Tennessee and Kentucky) Jewish Association, which held its annual meeting in Nashville.

Suggests Insurance Post for Willkie

David Lawrence, in a copyrighted column dealing with certain aspects of Wendell Willkie's situation the other day, suggested that Mr. Willkie might enter the insurance arena.

"Mr. Willkie is not the kind of man who would care to crusade every day from now till 1944," Mr. Lawrence wrote towards the end of his column. "He is the type who would prefer to take an executive position in some company which has large employment problems and work out the human relations of the management as affecting employees and the governmental relations as it affects national issues in the economic world."

"Some insurance company might be the ideal place for Mr. Willkie to manage in the next two or three years. For it looks as if the governmental planners are getting ready to pillory that business and put it under some sort of federal control. Mr. Willkie showed himself an able fighter when attempts were made to confiscate certain utility properties without adequate compensation, and he may find in the insurance business another opportunity to acquaint the pub-

lic with the efforts of the radicals to get their clutches on a big private enterprise with billions of assets."

Require New Iowa Tax Form

DES MOINES—A new form for making premium tax returns in Iowa will go into effect at the close of this year's business, with the elimination of sending duplicate figures to the state tax commission and the insurance department.

The new form will be sent directly to the insurance tax department of the Iowa state tax commission and must include all Iowa business, showing deductions for reinsurance premiums, etc.

In addition the companies must include their Iowa business in the annual statement submitted to the insurance department. Previously duplicate sheets were used, with one copy going to the commission and the second to the insurance department.

The new forms will speed up the work of computing the tax by the tax commission and elimination of some duplication which resulted in sending the same figures to both departments.

Use automobile quotation blanks to increase premiums. Write Reprint Department, National Underwriter, for samples.

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"Sell increasingly better values!" The story of American growth is the story of unselfish service.

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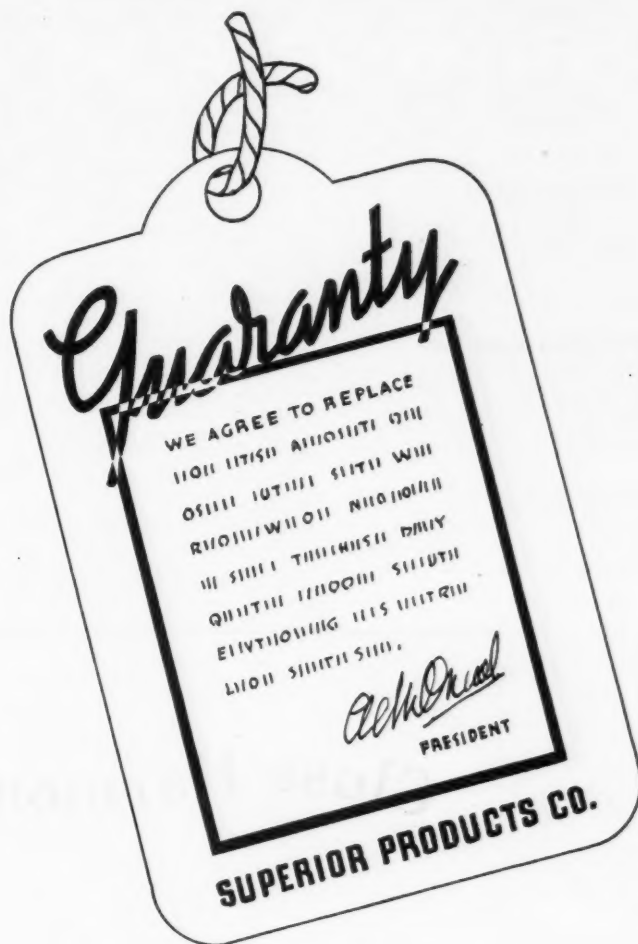
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Its faithful and prompt loss settlements and its unquestioned resources which have enabled it to successfully meet the tests of conflagra-

tions and depressions make the Capital Stock Company insurance policy a veritable guaranty of economic security. Its protection embraces and supports all our business enterprise, credit, banking, our homes, possessions and well being.

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Eighty Years



STEPHEN D. SEXTON

Stephen D. Sexton, president of the Southern Illinois Company at East St. Louis, Ill., celebrated his 80th birthday Nov. 19. Mr. Sexton in his day was one of the prominent local agents of Illinois. He attended the organization meeting when the National Association of Insurance Agents was organized at the Great Northern Hotel, Chicago, in 1896, although he was not registered as present. He accompanied another agent to the meeting and sat in at the deliberations. Therefore he has always been regarded as one of the real founders, although he was not officially recorded. The likeness of Mr. Sexton, here produced, shows him as he looked some years ago. He still maintains the vigor of mind and he is deeply interested in the business.

Mr. Sexton is in very good health and goes to his office every day. He has been very active in civic affairs and at present is serving his 19th term as president of the East St. Louis park district and his fifth term as president of the East St. Louis public library board. He is a director of the Southern Illinois National Bank and is a negotiator for the Federal Housing Authority. Mr. Sexton and his wife, Mrs. Minnesota Sexton, last year celebrated their 50th wedding anniversary. Henry D. Sexton, vice-president of the Southern Illinois Company, is a son. There is a second son, Stephen D. Sexton, Jr.

Conspiracy Indictments Are Dismissed in Missouri Suit

KANSAS CITY—Federal Judge Wyman dismissed the conspiracy indictments against T. J. Pendergast, R. E. O'Malley and A. L. McCormack, shortly after jury trial of the three opened. Basis of Judge Wyman's action was a telegram from M. M. Milligan, district attorney, in Washington, D. C., who wired that he had told counsel for defendants Pendergast and O'Malley that they would not be further prosecuted when they pled guilty to charges of income tax evasion—and served their terms in Leavenworth.

The conspiracy charges, like the income evasion cases, grew out of their connection with the Missouri fire rate case settlement.

Mr. Milligan stated: "Before the pleas of guilty were entered in May, 1939, I advised counsel that if the defendants Pendergast and O'Malley entered pleas of guilty the government would not prosecute them for any other offense growing out of these same transactions for the reason that under the pleas so entered the court could assess a maximum punishment of ten years and a \$10,000 fine against each . . . I advised the court of these other offenses . . . so that they might be taken into consideration

in fixing the sentences to be imposed."

Last week a three-judge federal court here held that the three defendants must face trial on a contempt of court charge, which is a separate citation from the conspiracy charge. The court, the same one that approved the Missouri rate case settlement in 1936, held that the three-year statute of limitations does not warrant quashing the indictment since the contempt in this case consisted of misbehavior committed in the presence of the court. While "the punishment must not be unreasonably delayed," the court said in its opinion, "certainly it is not unreasonably delayed if a proceeding for punishment is begun as soon as the misbehavior is discovered, particularly if the misbehaviors, by concealment and fraud, have prevented discovery."

Great American Shifts Two

H. G. Spaulding, Jr., special agent of the Great American, has been transferred from Maryland to Louisiana and is succeeded in the former state by Special Agent H. H. Hurt.

The Plymouth, a stock fire company owned by the National Bond & Investment Company of Chicago, has been authorized to write fire, theft, collision and property damage coverages in Texas.

Four Appointments Made by Chicago Agency

Four appointments were announced by Rollins-Burdick-Hunter Company, Chicago. Jack Harrison joins the excess and reinsurance department, which was opened Oct. 1. John L. Nelson was appointed manager of the life, accident and health department. Richard Calhoun becomes associated with the audit and survey department. Frank B. Quackenboss was named manager of the engineering department.

Mr. Harrison started in London as apprentice with C. E. Heath & Co., London Lloyds brokers, later returning to this country and taking the Aetna Casualty home office training course, becoming agent in Kansas City. Then he joined Employers Reinsurance in Kansas City, doing underwriting in the excess department. Later he was transferred to the Chicago office in contact work and underwriting. Subsequently he was connected with Bowes & Co. before joining Rollins-Burdick-Hunter.

Mr. Nelson has been in life insurance work 10 years with Hobart & Oates, Chicago general agent Northwestern Mutual Life, in organization work and as educational and sales director. Mr. Calhoun was associated for six years with E. H. Crump & Co., in Memphis,

Tenn., his home city, and recently did audit and survey work for Insurance Audit Survey Corporation, St. Louis. He also has had tax, real estate and accounting experience.

Mr. Quackenboss for 20 years was inspector, engineer and manager Tennessee Inspection Bureau, for 11 years assistant chief engineer, and then chief engineer Western Factory. He is an authority on fire protection in connection with factory and special hazards; on automatic sprinklers and hydraulics. He was for many years a member of the committee on automatic sprinklers of the National Fire Protection Association.

Agents to Hear Roy Elmore

LOS ANGELES—The San Bernardino County Insurance Agents Association and the Riverside Insurance Agents Association will hold the third of a series of joint meetings in Riverside, Cal., Dec. 6. The program of education on the standard policy form will be continued. At this meeting Roy O. Elmore, resident secretary Los Angeles branch office Pacific National Fire, will discuss the stipulations appearing in the policy. Two more meetings will be held later to complete the series.



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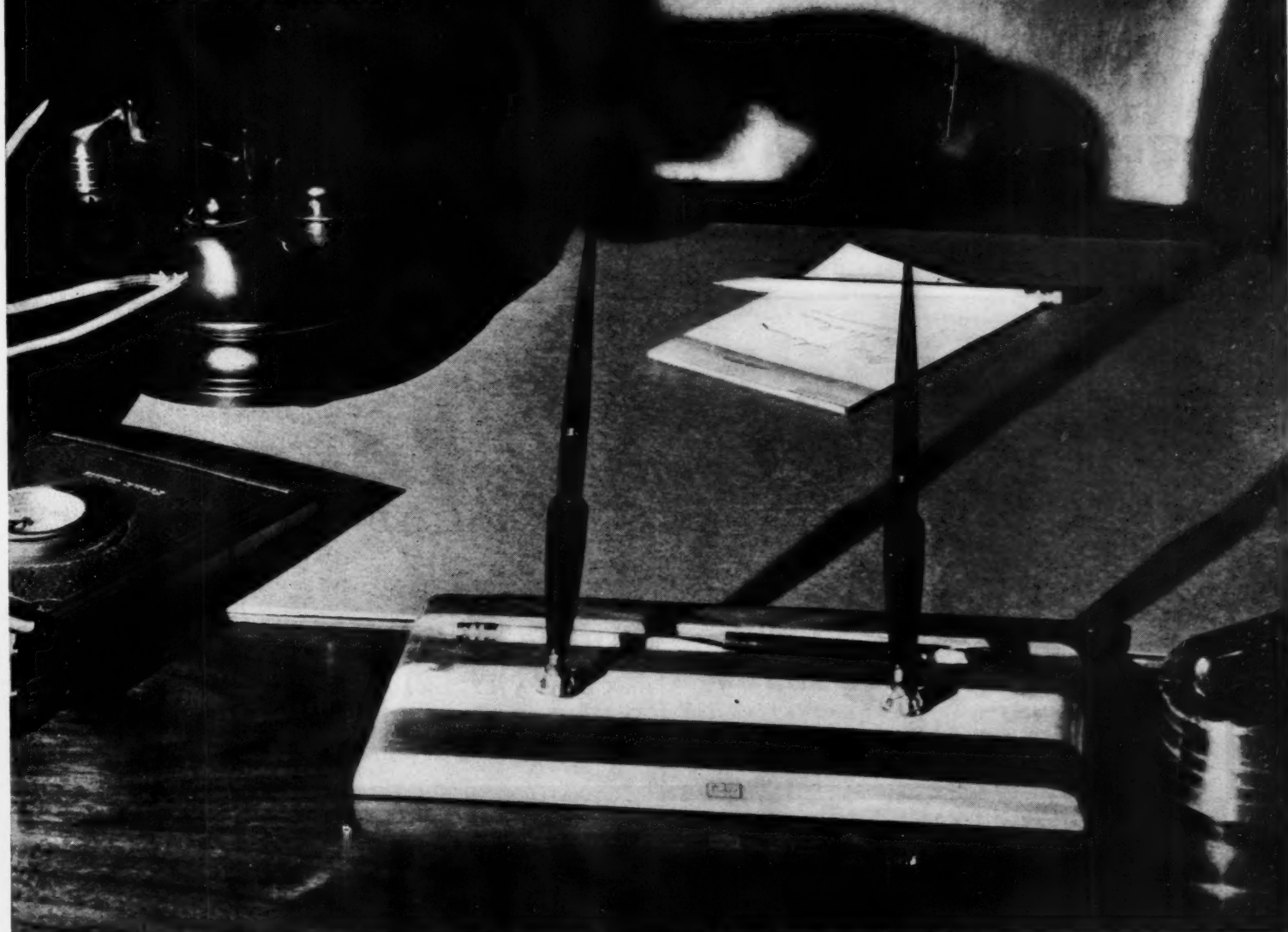


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NEWS OF FIELD MEN

Death Takes Veteran Field Worker of Michigan

Joseph W. Beck of Detroit, state agent of the Northern of New York in the lower peninsula of Michigan, died last week, funeral services being held Friday. He had been with the company for 32 years. He started in the business in Columbus, O., in an agency and later became associated with the Ohio Inspection Bureau. He was one of the wheelhorses in Michigan and was one of the oldest field men in point of service in the state.

He had been ill for a year but had been active until about three months ago. Many executives and field men attended the funeral. Mr. Beck was a past most loyal gander (1911) of the Michigan Blue Goose. He went to Michigan for the Northern in 1906. He has seldom missed a Blue Goose meeting during his 34 years as a member of the Michigan pond. He received the silver emblem from the pond in 1931.

Mr. Beck was born Feb. 17, 1876. He started his insurance career as a local agent. In addition to being an inspector for the Ohio Inspection Bureau he worked also as inspector for the West Virginia Bureau which was under the jurisdiction of the Ohio Bureau. He was appointed special agent of the Columbia of Dayton in 1903, the National Union in 1904 and the Northern in 1908. He served as president of the Michigan Fire Prevention Association in 1926.

Neuberger Visits Iowa Pond

DES MOINES—E. V. Neuberger, past most loyal gander of the Nebraska Blue Goose, was a visitor at the Iowa pond luncheon Monday and invited the Iowa field men to visit the Nebraska pond. He formerly was with the Hart-

ford Fire in Des Moines, but is now operating a general agency in Omaha.

State Fire Marshal Strohm will speak Nov. 25 and will show films on fire prevention. The Christmas party will be held Dec. 7 at Hotel Fort Des Moines.

Good Work in Kentucky

At a meeting of the Kentucky Fire Prevention Association attention was called to the remarkable work done by the members during Fire Prevention Week. F. R. MacPherson, New Hampshire, is president. A complete program was carried on in 32 towns by the speakers' bureau of the organization. The field men made a total of 135 talks to combined audiences of 31,870 school children and 44 addresses to a total of 2,298 adults. Radio talks were made at Louisville, Covington, Lexington, Owensboro, Paducah and Hopkinsville. Newspaper publicity was effective in 74 papers in 38 years.

Pennsylvania Club Meets

The Pennsylvania Field Club met at Harrisburg Monday. The National Board's committee on public relations has requested the Middle Department to communicate with all field clubs urging that each club give thought to establishing a list of speakers who will be available for such functions as agents' and various business club meetings to promote a better understanding of capital stock insurance. This subject was discussed at the meeting.

Jamestown, N. D. Is Inspected

JAMESTOWN, N. D.—A successful inspection was held here with R. W. Swanson, America Fore, secretary North Dakota Fire Prevention Association, in

charge, assisted by Frank Newberry, R. R. Wolfer, Kenneth Moran, George Bensch and M. J. Guberud, local agents.

H. K. Rogers, Western Actuarial Bureau, Chicago, made six talks to 1,500 school children. A fire prevention film, "Sounding the Alarm," was shown at the local theater.

The banquet was attended by 150 agents, townspeople and fieldmen. Mr. Rogers spoke on "Flaming America."

Bardwell Quits in Indiana

Edward Bardwell of Indianapolis has resigned as special agent of the Fireman's Fund group in southern Indiana. No successor has been named, but pending announcement L. P. Allaire, Indianapolis, special agent, is handling the territory.

Ryan Travelers Special Agent

E. F. Ryan has been appointed special agent for Travelers Fire and will serve under the direction of W. T. Hickey, manager of the Hartford office. Mr. Ryan entered the services of the company in 1928 and has worked in both the Pacific Coast and western departments. He was given special training to prepare him for field work and also passed through the marine, engineering and loss departments. In October, 1939, he was assigned to the Hartford office as an acting special agent.

Minnesota Blue Goose Dinner

Instead of the usual monthly luncheon, the Minnesota Blue Goose will have a dinner meeting in Minneapolis Dec. 16. Football pictures will provide the entertainment. The ladies will be guests.

Laird Elected in Pittsburgh

PITTSBURGH—New officers of the Smoke & Cinder Club were elected as follows: T. V. Laird, Great American, president; R. F. Crossman, Atlas, vice-president; James Foster, Liverpool &

London & Globe, secretary; Warren Feller, North British & Mercantile, treasurer. The new membership committee consists of Thomas Moody, Firemen's of Newark; Theodore Logue, Security, and Thomas Ogburn, North America.

J. S. Akers, Glens Falls, retired, was elected an honorary member.

M. W. Mays to Speak

M. W. Mays, director Business Development Office, will speak before the New Jersey Field Club at Newark next Monday, and three days later will address the Insurance Women of New Jersey in the same city. On Dec. 2 he will address the Speakers Club at Columbus, O., and the following day in the same city will talk before the Ohio Field Club.

H. J. Kirkham Resigns

The Scottish Union & National has accepted the resignation of H. J. Kirkham, state agent in northeastern Ohio. Arrangements have not yet been completed for his successor.

Talks on Inflation Outlook

BOSTON—Prof. Lloyd Armstrong of the Massachusetts Institute of Technology, addresses the Bay State Club of Boston this week on what will happen to the surpluses of the insurance companies if inflation follows the raising of the national debt to \$65,000,000,000.

California Pond Social Event

LOS ANGELES—California Blue Goose will hold a dinner dance at the Brentwood Country Club Dec. 6. W. H. Rowlands of Seeley & Co. is chairman of the arrangements committee.

Don Walker to Phoenix

Don Walker of Los Angeles who has been special agent for the National Fire of Hartford in southern California, has

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taken a similar position with the Phoenix of Hartford.

NEWS BRIEFS

The Des Moines Ladies of the Blue Goose held their November meeting Tuesday with Mrs. Thomas Little as general chairman.

The Minnesota Blue Goose and Minneapolis Insurance Club were entertained at a joint luncheon meeting with a colored sound movie of Sun Valley.

The Wisconsin Women of the Blue Goose met at the home of Mrs. Nelson C. Lane, Milwaukee, to sew for the children's service in their annual pre-holiday social service work.

H. J. Steenack of New Haven, special agent Home, addressed the Springfield Board in Springfield, Mass., as a representative of the Bay State Club. H. B. Ward, New Haven, special agent of the Boston, addressed the Franklin County Board, Bernardston, Mass.

The Oregon division of the Special Agents Association of the Pacific Northwest will sponsor some 49 addresses before various schools and service clubs throughout Oregon.

The Southern California Fire Underwriters Association will hold educational meetings for local agents associations at Santa Ana, Nov. 25 and Santa Monica, Nov. 26. Marshall Rankin, Aetna Fire, and C. E. Curry of the C. A. Colvin office will be the speakers.

NEW YORK

ELEVEN MONTHS FIRE LOSS

As tabulated by the National Board fire losses in October aggregated \$22,091,140, greater by 4 percent than those of the preceding month, but a decrease of 9 percent from the record of October, 1939. The addition of last month's figures increases the total for the first 10 months to \$254,383,520, compared with \$258,291,480 for the like period of 1939, and \$240,633,261 for the first 10 months of 1938. The loss record for each of the months since Jan. 1 is as here given:

	1938	1939	1940
Jan.	\$ 27,676,337	\$ 27,615,316	\$ 36,260,650
Feb.	26,472,626	29,303,520	34,410,250
Mar.	29,050,968	30,682,168	29,788,800
Apr.	25,616,112	27,061,522	26,657,190
May	22,917,577	27,031,700	23,446,590
June	19,473,617	24,190,700	19,506,000
July	20,434,688	22,468,304	20,322,800
Aug.	20,821,184	22,800,500	20,722,100
Sept.	23,372,528	22,837,250	21,198,000
Oct.	24,797,624	24,300,500	22,091,140

Total
10 mo. \$240,633,261 \$258,291,480 \$254,383,520

TRIANGLE AGENCY IS HIT

Triangle Underwriters, Inc., Brooklyn agency, has been denied the right to represent companies of the New York Fire Insurance Exchange. National Ben Franklin Fire and Philadelphia National had filed notices of appeal from a finding of the Exchange arbitration committee in the matter of the agency, and were scheduled to present their case. However, neither representatives of the companies or the agency appeared.

Minor changes in rates and rules were adopted by the New York Fire Exchange including a revised consequential damage assumption clause and a reduction in rates on fireproof buildings and cold storage warehouses.

BIG LOSSES IN OCTOBER

The New York "Journal of Commerce" lists these fires that occurred during October that are estimated to have cost \$100,000 or more: Washington, D. C., war department building, \$150,000; Fernwood, Pa., powder container plant, \$150,000; Monroeville, Ala., hangar, three planes, trucks and tractors, \$150,000; Blytheville, Ark., cotton warehouse, \$750,000; Martinsville, Ind., tomato canning plant, \$1,000,000; Detroit, bowling alley and Redmill bar, \$175,000; Marion, O., J. C. Penney store, \$160,000; Eureka, Cal., lumber-

yard, \$100,000; Dallas, Ore., lumber mill, \$100,000; Green River, Wyo., school, \$200,000.

JEWISH CHARITIES DRIVE OPENS

Many leaders in all branches of insurance joined in launching the annual drive in behalf of the New York and Brooklyn Federations of Jewish Charities which began with a largely attended dinner meeting. C. K. Whitehill and G. P. Frenkel, prominent insurance brokers, are co-chairmen of the general insurance division and Isadore Freid, general agent New England Mutual, is chairman of the life insurance division.

Rothberg New Head of N. J. Insurance Square Club

NEWARK—At the annual meeting of the Insurance Square Club of New Jersey held here, officers elected were: President, Harry Rothberg; first vice-president, Fred Hagney, Jr.; second vice-president, Herbert Guempel; secretary, T. R. Roller; treasurer, W. A. Bruckman; trustee, W. C. Jenkins.

Clinton P. Anderson, local agent of Albuquerque, N. M., who is also general agent of the Occidental Life, was

elected to Congress with the highest majority of any candidate in the state.

Long Beach Agents Frolic

LONG BEACH, CAL.—The Long Beach Insurance Agents Association held its annual stag dinner and golf tournament, more than 350 agents and brokers attending. Vaudeville entertainment followed in the evening after the golf tournament in which 70 took part. Prizes were awarded at the dinner. A. H. Hubbard of Cook, Hubbard & Cressy was chairman of the arrangements committee.

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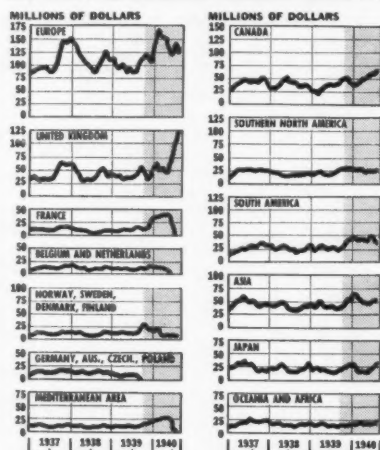
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S. D. McComb Gives Timely Comment on Export Trade

(CONTINUED FROM PAGE 5)

with losses if any payable in this country, thus making it easier in arranging credits and dealing with their bankers. This is particularly true with respect to trade with certain countries which have blocked currencies or exchange restrictions. Having American insurance completely eliminates this unnecessary hazard. In times of peace when normal trade is carried on throughout the world, the marine insurance requirements may be handled adequately and with no difficulty. But when war breaks out among great maritime powers, difficulties arise.

EFFECT OF WAR UPON VALUE OF U. S. EXPORTS TO LEADING FOREIGN MARKETS



TOTAL IMPORTS FOR CONSUMPTION WITHIN THE TWELVE MONTHS ENDED AUGUST, 1940	TOTAL EXPORTS FOR THE TWELVE MONTHS ENDED AUGUST, 1940
\$2,528,700,000.00	\$3,927,500,000.00
TOTAL IMPORTS FOR CONSUMPTION WITHIN THE TWELVE MONTHS ENDED AUGUST, 1939	TOTAL EXPORTS FOR THE TWELVE MONTHS ENDED AUGUST, 1939
\$2,116,700,000.00	\$2,965,700,000.00

"Nearly two years ago, several European countries, apparently feeling that war was inevitable and realizing that their foreign commerce must go on if they were to survive, took steps to provide war risk insurance for their nationals. There was a widespread feeling that hostilities would commence with terrific bombing of belligerent ports, with frightful destruction to shipping. Undoubtedly this feeling had some bearing upon the decision of these governments to take upon themselves the losses caused by war perils to their commerce.

Praises War Risk Exchange

"The marine insurance companies in the United States, aware of what was being done in Europe, realized that it was up to them to see that American commerce was fully protected and that our importers and exporters be enabled to carry on. This resulted in the formation of the American Cargo War Risk Reinsurance Exchange in which every company writing ocean cargo business participates. Through this exchange every war risk policy issued by any member is backed by the resources of every marine insurance company doing business here. It is one of the finest accomplishments of the marine underwriters. It reaffirms to America that both in time of peace and time of war the marine underwriters here are aware of the needs and ready to protect them."

Ill. Directors to Meet Dec. 6

The board of directors of the Illinois Association of Insurance Agents will hold a meeting the afternoon of Dec. 6 in Chicago. W. H. Jennings, Jr., Rockford, chairman, will preside.

S.E.U.A. Holds Mid-Year Rally

(CONTINUED FROM PAGE 3)

erty floater and progressed to a point where an entirely practicable and satisfactory solution to the matter would be reached in the very near future. The condition of agency balances was discussed at some length. Generally the balance situation is satisfactory but the companies are anxious to improve it by bringing the presently comparatively small number of slow agents to a clear status.

On Monday, Paul L. Haid, president Insurance Executives Association called into a general conference representatives of the several regional organizations.

New U. & O. Mailing Piece

Royal-Liverpool has brought out an ingenious and attractive use and occupancy pamphlet for direct mail purposes. It includes a well arranged work sheet that is designated "Use & Occupancy Calculator" and the attention of the reader is directed to it by the caption "What Does It Cost?" There are some charts and pictures.

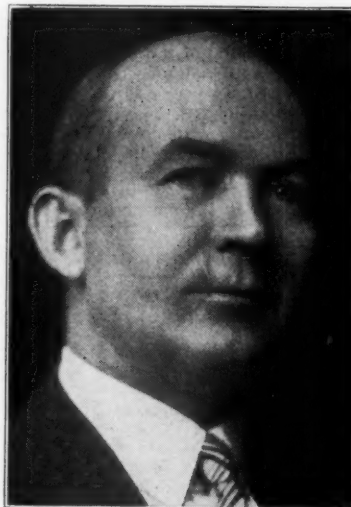
Buchanan College Speaker

Thomas F. Buchanan, secretary and general adjuster of Aetna Fire, was the guest lecturer before the fire insurance class at the Hartford College of Insurance Monday evening. He discussed the appraisal.

L. L. Adkins, who has been assistant divisional sales manager for the Lone Star Cement Company, has bought an interest in the Campbell & Co. agency, Houston, Tex. The name will be changed to Campbell & Adkins.

The Calvert Fire of Philadelphia has been admitted to Maine.

President of American Reserve Is Dead



T. B. BOSS

NEW YORK—T. B. Boss, president of American Reserve, the fire reinsurance company, died at his home here Tuesday, following a short illness. He was 56 years of age and had been in the insurance business since 1902, when he entered the Baltimore general agency of Maryland Casualty. He was associated with the actuarial firm of Joseph Froggatt here, and then with Rossia, as treasurer. He became president of American Reserve in 1926.

Mr. Boss was most gracious in manner and his insurance friendships were extensive. Surviving are his wife, a son, J. O. Boss, and two daughters. Funeral services will be held Friday, at Lawrenceville, N. J. Mr. Boss had a

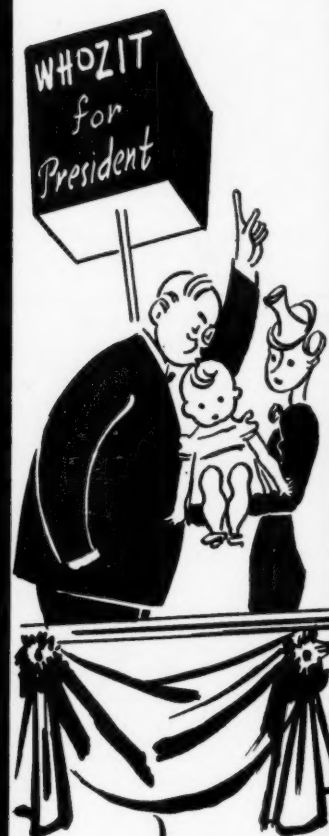
country place near there, which was the scene of numerous hunting parties.

Great American Changes

Andrew S. McNab, who has been special agent in Connecticut with headquarters in Hartford, has been appointed agency superintendent at the head office of Great American. His successor in Connecticut is Walter E. Schiller.

George R. Parker has been transferred from San Francisco to Portland, Ore.

Automobile quotation blanks increase sales. Write Reprint Department, National Underwriter, for samples.



... AND IF ELECTED I PROMISE TO CONGRATULATE CAMDEN FIRE ON ITS 100TH ANNIVERSARY NEXT YEAR!

BUT WON'T THAT UNBALANCE THE BUDGET?

CAMDEN FIRE INSURANCE ASSOCIATION, Camden, N. J.

PROVIDENCE WASHINGTON INSURANCE CO.

Incorporated 1799

ANCHOR INSURANCE COMPANY

Incorporated 1928

The founders of the Providence Washington Insurance Company inaugurated the American agency system by the appointment of agents in New London, Connecticut, in 1803.

This Company and its affiliate the Anchor Insurance Company have consistently relied upon the agency system for the production of—

FIRE—WINDSTORM AND ALLIED LINES
OCEAN and INLAND MARINE—ALL RISKS
AUTOMOBILE—COMPREHENSIVE—FIRE—THEFT
and COLLISION

Home Office: 20 Market Square, Providence, R. I.

Rights of Adjuster Settled by Court

The things which a lay adjuster may do, as authorized by the decision last week of the Wisconsin supreme court in the case of Abraham M. Rice, independent adjuster, taken up on appeal from the Milwaukee county circuit court, are:

Engage in the business of adjusting losses for insurance companies if licensed to do so; hold himself out as engaged in such business by writing to insurance companies and informing them that he is engaged in such a business; list his business in the classified section of telephone directories and in insurance papers or journals. When employed by an insurance company in such business, he may fully investigate the effects of any loss, either himself or through his employees, obtain written statements, photographs, and may appraise a loss or damages to property, or damages resulting from personal injuries, and if authorized or so instructed by his employer he may obtain reports or estimates of losses or damage to property or the extent of personal injuries from experts in a particular field, such as building contractors, garage men or physicians. He may report on all such facts which pertain to his employer and may comment on the facts found.

He may communicate to his employer and obtain from an attorney and may communicate to his claimant an opinion or the truthful substance of it, rendered by counsel for his employer or that of a local attorney employed by the defendant, but may not communicate an opinion of an attorney as his own. He may negotiate settlements or adjustments on behalf of insurance companies. The court finds no impropriety in an insurance company authorizing its lay adjuster to settle small claims or claims generally regarded by insurance companies as uneconomical to contest, such as "nuisance claims" without the specific approval of the company's counsel or its local attorney, and the supreme court does not feel that such a practice involves the practice of law.

The lay adjuster, according to this decision, may not prepare legal forms, such as releases, but he may select from his files the proper standard printed forms previously prepared by some lawyer, and has the right to fill out the blank spaces in accordance with the settlement agreement and have the claimant sign the forms.

On the other hand a lay adjuster may not pass on the question of liability or nonliability under insurance policies, according to the court. He may not render advice to a claimant, as giving advice as to legal rights clearly is the function of lawyers, the court commented. Rendering legal advice for compensation as a customary practice is clearly a practice of law under all the authorities.

The decision reverses the Milwaukee county circuit court on the points cited. The case was brought against Rice by the Milwaukee Bar Association.

Another Lakes Freighter Is Seen as Total Loss

The "Sinaloa," 4539 gross tons, lakes freighter and gravel boat owned by the Leathem Smith Steamship Company, appears to have become the fourth total loss among large craft on the Great Lakes in the Armistice Day windstorm that caused so much damage. This boat is ashore near Escanaba, Mich., and its back is reported broken. Marine surveyors are inspecting the loss this week.

The other total losses were sustained on the Pickands-Mather freighter "Davock" which was self-insured; and the "Novadoc" and "Anna C. Minch," which was insured in Canada and in London. The biggest loss suffered by Great Lakes Underwriting Syndicate, which handles most of the Great Lakes

freighter business written in this country, was on the "Conneaut," which was stranded, and estimates of damage run about \$250,000. Next heaviest loss is expected to be the "Frank J. Peterson." There will be considerable heavy weather damage — damaged lifeboats, smashed gear, and the like, but this will add up to a comparatively small total.

The syndicate does not write car ferries, but, according to Talbot Bird & Co., one of the underwriters on the three damaged car ferries, two of these boats, the Ann Arbor No. 5 and No. 7, were

damaged relatively slightly by colliding with each other. The "City of Munising" was more severely damaged by stranding, but the bottom is sandy at that point and there is hope that the losses will not be great.

The "Harvester" owned by International Harvester Company is undergoing extensive repairs at Chicago, the pilot house having been smashed, much glass broken, seams started and much miscellaneous damage done by the great waves. The "George Steinbrenner," a freighter, also is being repaired in South

Chicago, having suffered heavy damage.

The Thompson boat yard at Chicago was unroofed, the debris striking many boats stored in the yard and causing much damage which falls under individual yacht policies. Small craft seemingly were little affected by the storm on the lakes, principally because the policy usually written requires winter layup by Nov. 1, or a special permit for use after that date. Most yachts, therefore, were in storage and yacht basins around Chicago and other lake ports were nearly empty.



With this ingenious machine, shoe manufacturers put their products through an arduous routine, equivalent to hundreds of miles on a paved highway—a marathon of wear to test endurance.

This year, the Fidelity and Deposit Company of Maryland completes a fifty-year journey that has thoroughly tested—and proved—its enduring strength and soundness. In 1890, as a pioneer in the bonding field, F&D won the initial con-

fidence of businesses and banks, solely on the founders' integrity. Today, a record half a century long of meeting its obligations promptly and fully is conclusive evidence that such confidence was not misplaced.

Close personal cooperation with its agents through 52 strategically-placed field offices is another reason why the F&D transacts a larger fidelity and surety business than any other company.

FIDELITY and DEPOSIT
COMPANY OF MARYLAND, BALTIMORE

50th
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Anniversary

FIDELITY AND SURETY BONDS • BURGLARY AND GLASS INSURANCE

AS SEEN FROM CHICAGO

CHICAGO BOARD COMMITTEE

President R. M. Cunningham of the Chicago Board has appointed a committee of seven to consider a successor of the late J. S. Glidden as manager. G. R. Bowman of R. A. Napier & Co., is chairman. Other members are W. H. Potter, manager Phoenix of Connecticut; Fred J. Sauter, D. M. Wood, Sr., Childs & Wood; S. M. Buck, vice-president Great American, and G. A. Mavon.

A committee to consider the creation of a suitable memorial for Mr. Glidden and to prepare a memorial resolution for presentation at the annual meeting in January has been appointed by President R. M. Cunningham. It consists of all the living past presidents—C. S. Pellet, L. M. Drake, A. I. Wolff, August Torpe, Jr., P. B. Hosmer, Charles Buresh, O. E. Aleshire, who is now president of Modern Woodmen, and C. M. Hayden, chairman.

ELLIS HEADS LOSS GROUP

E. H. Ellis of Royal-Liverpool was elected president of the Western Loss Association at an abbreviated annual luncheon session Tuesday. The members were so occupied with the deluge of losses from the recent middle western wind storm that they wanted to get back to their offices as quickly as possible and the proceedings were brief. Several of the old timers remarked that this was by far the greatest windstorm in middle western insurance history in point of number of losses reported.

Mr. Ellis succeeds E. H. Nordgren of Fireman's Fund. The new vice-president is Paul Olson of Automobile and secretary-treasurer is Sigmund Siebert, Fire Association. The executive committee consists of Mr. Nordgren, Roy Nortman, Pacific National, retiring secretary; L. F. Piner, North British and M. D. Looney, Hartford.

COMMISSIONERS' TRAIN

Commissioner Blackall of Connecticut, president National Association of Insurance Commissioners, has requested the Illinois department's Chicago office to handle transportation arrangements from Chicago for delegates in the central west territory and the far west who will be attending the mid-winter conference at the Pennsylvania Hotel, New York City, Dec. 2-4. The official train will leave Chicago at 2:30 p. m., Dec. 1, arriving in New York City, 8:30 p. m., Dec. 2. This is an all-Pullman train. Roy L. Davis, assistant director of insurance in charge of the Chicago office, is acting as supervisor of this train. It is expected that the far west delegation will center in Chicago, arriving in the morning and leaving the afternoon of Dec. 1.

LELLI IN NEW QUARTERS

The central western marine and business production department of Phoenix of Hartford, under Manager U. M. Lelli, moved into new and considerably larger quarters in A-2057 Insurance Exchange, Chicago, this week. Wednesday afternoon agents and other friends visited the new quarters, a small reception being held.

FISHER IS FIELD CLUB PRESIDENT

L. R. Fisher, Travelers Fire, was elected president of the Cook County Field Club at the monthly luncheon meeting. J. R. Gathercoal, assistant manager Western Factory, spoke on recent factory mutual rate changes. J. F. Foehringer, special agent McCabe & Hengle, outgoing president, presided.

G. F. Hoope, Moore, Case, Lyman & Hubbard, was elected vice-president, and E. F. Fromm, Critchell, Miller, Whitney & Barbour, was reelected secretary-treasurer. Those selected to serve for two years on the executive committee are: R. A. Black, W. F. Kuffel, Mr.

Foehringer, C. J. Reutter, S. L. Chessman and K. C. Early, the last to serve one year. Those serving for a second year are George Schweers, E. E. Englander, J. J. Flood, P. H. Haberichter, D. A. Bickheart, Cook County special agent Phoenix of Hartford, was chairman of the nominating committee. T. E. Nation, Travelers, was elected to membership.

Mr. Gathercoal, in reviewing the history and methods of mutual writing companies and listing recent rate changes, said that it was necessary to have not only a complete knowledge of one's own business, but also a fairly complete knowledge of the competitor's business. Hitting the high points of the differences of methods between mutuals and stock companies, he said that deductions were made monthly from the premium deposits of a mutual policyholder, and that premium deposits were made directly to the home office where all policies are written.

Mr. Gathercoal said that the increase in losses plus a reduction in interest is the cause for reduced dividends to mutual policyholders. It appears, he added, that they have reached a minimum of net cost and that there is no hope of further reduction. While there were 30 factory mutuals in 1920, there are only 20 today.

Factory mutuals figure costs during the time the policy is in force, he said, while stock companies must plan the cost of the policy before it is issued. He wound up his talk by saying that factory mutuals offer only one benefit over stock companies—and this of course is with no guarantee—that of lower costs.

ROLLO, WEBSTER & CO. MOVES

Rollo, Webster & Co., Chicago class 1 agency, has moved into new quarters in 1130 Insurance Exchange. The fixtures and decorations are in the new style that the building is providing for those who sign new leases. A. W. Baxter, state agent of Scottish Union, who has maintained headquarters in the Rollo, Webster office for many years, is installed in the new quarters.

FEDERATION ENTERTAINS DISTAFF

The Insurance Federation of Illinois, through its president, J. P. Keever, and its past president, C. H. Burras, acted as hosts at the monthly meeting of the Insurance Distaff Executives Association. Their subjects covered the history and the purpose of the federation and the insurance advisory council of Illinois. Mrs. Lillian L. Herring, secretary Insurance Federation of Illinois and chairman of the board of the association, made all arrangements. The dinner was held at the Union League Club.

Newly elected members of the association are: Mrs. Isabelle Frey, Fred S. James & Co.; Miss Madeline Goodenough, Illinois Audit Bureau; Mrs. Myrtle C. Buck and Miss Marie C. Bartsch, both of National Fire. The next meeting will be held Dec. 19 at the home of Mrs. Hugo Dalmar, president H. Dalmar & Co., hostess of the annual Christmas dinner.

HEADS ANTI-VOTE FRAUD DRIVE

Emory A. Samson, broker associated with the Gilbert & Gill class 1 agency of Chicago, formerly well known underwriter and production man of the American Surety branch office there, was executive head of the Vote Fraud Fighters Alliance in that city which won national prominence in the general election.

J. V. PARKER COLLECTION

The Illinois Institute of Technology, Chicago, which is a consolidation of Armour Institute and Lewis Institute, has established an endowment for a library commemorating the work of the late J. V. Parker, manager of the Western Ac-

tuarial Bureau. He was closely associated with the fire protection engineering department at Armour, now known as the Armour College of Engineering Division of the Illinois Institute. The endowment has been provided by his sister, Miss Frances P. Parker of Newport, Minn. The income is to be used for the purchase of books, pamphlets, reports, charts, periodicals relating to insurance and fire protection engineering. J. B. Finnegan is director of the fire protection engineering department.

The material collected and purchased will be known as the "Jackson V. Parker Collection" and will be kept in special stacks provided for this purpose in the engineering library. Miss Parker is furnishing a book plate, replicas of which are to be used to identify books and other publications in the collection.

From 1920 until his death in October, 1936, Mr. Parker was chairman of the scholarship committee through which the capital stock fire insurance companies maintained a system of four-year scholarships in the fire protection department. This course was inaugurated in 1903 and has been maintained with the cooperation of Underwriters Laboratories and the Western Actuarial Bureau. To this day it is said to be the only educational institution of any kind maintaining such a course leading to the degree of bachelor of science. The course is based upon the sound theory of good engineering practice requiring of its students adequate instruction in the fundamental sciences. The professional laboratory work of the department is carried on at the Underwriters Laboratories in Chicago.

Survey Determining Bridge Damage Precedes Settlement

SEATTLE—Surveys by engineers to determine what portions of the Tacoma Narrows bridge may be salvaged will precede any settlement of insurance on the \$6,400,000 span which collapsed Nov. 7 in a high wind and fell into Puget Sound, representatives of the insurers say. Twenty-four insurance companies carry an aggregate of \$5,200,000 for coverage of this span itself and the loss of tolls covered by U. & O.

Principal concern of engineers employed by the companies is whether the two huge steel towers at the shore ends of the bridge and the main suspension cables can remain in place for reconstruction of the span. If tests reveal these were not damaged beyond repair, liability will be greatly reduced.

The company men have named W. L. Fair of the General of Seattle as their chairman during negotiations pending settlements.

The companies on the Tacoma bridge line and the amounts of liability are: American Central \$200,000, Dubuque F. & M. \$75,000, Fidelity-Phenix \$450,000, Fire Association \$100,000, Fireman's Fund \$350,000, General, Seattle \$1,000,000, Hartford Fire \$100,000, Home, N. Y. \$100,000, Houston Fire & Casualty \$200,000, North America \$100,000, State of Penn \$400,000, L. & L. & G. \$100,000, Merchants of Denver \$125,000, Merchants of N. Y. \$800,000, Millers National \$50,000, Minneapolis F. & M. \$200,000, National Surety Marine \$200,000, Northwestern Mutual Fire \$350,000, Pacific National Fire \$50,000, Travelers Fire \$100,000, United Firemen's \$100,000, Fidelity & Guaranty Fire \$50,000, total \$5,200,000. The use and occupancy coverage was as follows: Home, N. Y. \$100,000, Northwestern F. & M. \$140,000, total \$240,000.

The above amounts represent gross lines. Most of the companies reinsured a large percentage of the liability or divided their lines with affiliated companies, it is reported.

Some estimates of the damage to the collapsed bridge are running as high as \$4,000,000, although the Washington Toll Bridge Authority has not yet announced the results of investigations made by its engineers. Engineers rep-

Thirty Years



JOHN RYGEL

John Rygel, of Chicago, secretary of the Hanover Fire and Fulton Fire at the western department in Chicago, rounded out 30 years service with the company Monday. In honor of the occasion there were large bouquets of flowers on his desk and he was presented with a traveling bag and complete equipment by his Chicago associates. Vice-president W. K. Maxwell, in referring to Mr. Rygel's long service, commented on his work and achievements that have been outstanding. Mr. Rygel went with the North British & Mercantile in its accounting department and later transferred to the Western Factory. On Nov. 18, 1910, he went with the Hanover's western department in the accounting end, being employed by Chief Accountant Victor Nelson. Mr. Rygel took all the insurance courses he could have, including a study of the Dean schedule. He desired to fit himself for something higher. He was very anxious to enter field work.

The late Montgomery Clark was assistant manager in the western department and concluded that he would give him a trial in Illinois under State Agent W. K. Maxwell. He made good from the start and developed into a salesman, being very resourceful. He later was transferred to Ohio as state agent and his record there was most excellent. In January, 1927, he was called to the Chicago office as superintendent of agents and later was made assistant manager. At that time his former state agency chief, Mr. Maxwell, was western manager. In May, 1937, he was elected secretary.

Mr. Rygel has given a number of talks to insurance men along sales lines.

representing the insurance companies are also making a survey. If the loss is as high as \$4,000,000, it will be the largest single insurance loss sustained on the Pacific Coast since the San Francisco fire, exceeding the oil fire losses of southern California, some of the large northwest mill losses and even the insurance loss resulting from the Santa Barbara and Long Beach earthquakes, according to Stuart G. Thompson, Seattle general agent.

While there was a 100 percent construction bond on the bridge, an unusually high percentage, there was no maintenance provision. Consequently there appears to be no possibility of the insurers being able to take subrogation against the sureties of the contractor or designer.

Fred Ritzau of Kimball, Gilman & Co. and Paul MacAdams of Boit, Dalton & Church were the first Boston insurance men to be called for active service in the national defense program. They are naval reservists.

Local Agent Who Is Elected Vermont Governor



W. H. WILLS

W. H. Wills, prominent local agent of Bennington, Vt., who is elected governor of Vermont, has been one of the leaders in the Vermont Association of Insurance Agents. His boyhood days were spent in Vergennes, Vt. He located in Bennington somewhat over 30 years ago and has been in the insurance business ever since. His agency is the largest one in southern Vermont. Mr. Wills represented Bennington county in the Vermont senate. He has been lieutenant governor for four years. He takes his office Jan. 1. He served as president of the Vermont Association of Insurance Agents and has been prominent in committee work. His majority was 35,000.

Among the Vermont local agents who were elected to the legislature are A. E. Watson, Hartford; M. G. Morse, Hardwick, and O. F. Allen, Chelsea.

Rising Expense Ratios Are Causing Much Concern

(CONTINUED FROM PAGE 4)

cost of operating under one with 48, each with differing regulations.

Renewal of policies with a renewal receipt would be accomplished more easily and inexpensively than the issuance of an entirely new policy every year or every third year. Mr. Elwell said that he had seen Royal Exchange policies issued in the 18th century come in for endorsement at the home office in England.

Urges Simpler Rate Structure

Greater simplification in the rate structure would do much to reduce expenses incident in rate calculations, such as the use of a schedule which produced only an even number of cents in rate calculation.

Lloyds simplicity of forms has much to commend it. Orthodox forms have become too complicated for the ordinary person. A leaf might be taken out of Lloyds book in this connection, he suggested.

Mr. Elwell stated that insurance involved transactions which were worldwide in their ramifications, since it always follows trade. In each country different methods of transacting the business have grown up. In France, policies are written for 10 years and may not be cancelled before expiration. Premiums are paid annually. If the tenant is found responsible for a fire, he is liable and he therefore buys fire insurance to protect himself. If the fire results from a structural defect, the landlord is liable and he needs therefore to protect his interest. Should a fire spread to other property in the block, the person responsible for the fire is liable for that damage and needs pro-

tection. In Mexico, a person having a fire is put in jail until he proves that he did not set it.

In China, an agency paradise, 90 percent commission is paid the agent, and no company ever discovers who receives it. Premiums are settled only on two days of the year. Japanese business is restricted exclusively to treaty business, because foreign companies are not permitted to operate in Japan.

Commissions in England are limited to 15 percent, with an additional 5 percent allowed for postage. Rates are 2 shillings or 10 cents, protected or unprotected. No agency licenses are issued.

Discusses English Stand on War Risks

Mr. Elwell was asked what the English companies were doing in regard to war risks abroad. About four years ago, he said, all of the companies with the exception of the American companies agreed not to write war risk insurance except in connection with marine insurance. German bombing in England has had little success in so far as military objectives are concerned, Mr. Elwell said. As evidence of this, all of the bridges over the Thames in London are in operation and it would be important to cut the vital communication lines. He said that the bombing had caught the

British government unprepared in that it did not have sufficient ambulances to take injured women and children to hospitals after a raid, civilian homes in the poorer sections of London bearing the brunt of the damage. In order to meet this need, an attempt is being made to secure 1,000 ambulances, Mr. Elwell taking part in this work. The government is working out a plan to recompense citizens for the damage done to their property, he stated.

On motion of W. H. Alexander, the association voted to contribute \$100 toward the purchase of an ambulance in Mr. Elwell's behalf. Attendance was largest of any regular meeting of the association. J. D. Lecky, Jr., Ohio state agent, accompanied Mr. Elwell, who is on an extended agency trip.

Meiji Fire's Condition

How foreign companies licensed in this country are able to pay out is shown in the Meiji Fire of Tokio, Japan. The New York department has approved the withdrawal of \$440,000 from the U. S. fund. Transfer to the home office will be made from the non-trusted assets, which amount to \$550,000. The Meiji reinsured its business in the Standard of New York. It now shows assets of \$2,961,928 and surplus,

Advertising Conference Announces Three Speakers

Built around the theme, "Setting the Pace for '41," another brass tacks meeting of the Insurance Advertising Conference has been arranged for Dec. 5, at the Hotel Roosevelt, New York City.

Three speakers have been engaged, including J. B. Gontrum, insurance commissioner of Maryland; C. T. Hubbard, secretary Automobile, and Paul Cornell, former chairman of the American Association of Advertising Agencies and now head of the Rumford School for Boys in Connecticut.

Mr. Gontrum will talk on "Conditions Facing Insurance in 1941 and How Advertising Men Can Help Meet Them." Mr. Hubbard will reveal "The Inside Story That Has Never Been Told." Mr. Cornell's subject will be "How to Develop an Advertising Campaign."

In addition, there will be round table discussions of practical insurance advertising problems.

The program committee is headed by John Ashmead, Phoenix of Hartford.

including \$250,000 statutory deposit, \$2,916,836. Liabilities as of Sept. 30 were \$30,493 for unpaid claims and \$14,600 for taxes and expenses.

AUTOMOBILE • FIRE • INLAND MARINE!!

The RIGHT Coverage



It is our policy to help our agents write policies that are right in every respect . . . with special protection to meet special requirements . . . so that every contract meets precisely every detail of the assured's needs. We will welcome the opportunity to help work out your problems.



PEARL ASSURANCE CO., LTD.
(United States Branch)

THE EUREKA-SECURITY FIRE & MARINE INSURANCE CO.



MONARCH FIRE INSURANCE COMPANY

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Cincinnati, O.
2810 Carew Tower

Philadelphia, Pa.
525 Chestnut Street

Chicago, Ill.
175 W. Jackson Blvd.

San Francisco
200 Bush Street

Windstorm Nov. 11 Found One of Worst

(CONTINUED FROM PAGE 3)

The contents losses were minor. Such as occurred were due mainly to snow which accompanied the storm melting and seeping through torn roofs. Public utilities were not much affected around Chicago, but in Michigan and Wisconsin, which apparently were the hardest hit, there were a number of utility losses.

Western Adjustment called in some 18 men from outside posts to work in Chicago and shifted a number of marine men.

Of the 40,000 estimated losses to be handled by Western Adjustment, it is figured 12,000 are from Michigan and 8,000 from Wisconsin. In Milwaukee alone, 2,500 losses have been referred to the Western Adjustment.

Report Large Industrial Loss

There were a number of large plant losses in Michigan and Wisconsin. The Sheldon Company of Muskegon, Mich., which conducts a woodworking business, manufacturing manual training and laboratory equipment for schools, suffered an estimated loss of \$90,000, a great area of roof being torn off, walls tumbled over and there being considerable water damage. The Sturdevant Company of Sturdevant, Wis., had an estimated loss of \$25,000, which is being handled by the same branch.

Radio Station WJR of Detroit, whose new antenna was crumpled, had an insured loss of about \$30,000. The Nash-Kelvinator Company of Kalamazoo had about \$5,000 loss, the Applied Automatic Parts Company of Grand Rapids, Mich., \$4,000 loss, the Bissell Carpet Company of Grand Rapids \$3,500, the Hart Mirror Plate Glass Company, Grand Rapids, \$2,000. All of these losses are being handled by Western Adjustment.

In the Grand Rapids territory alone, it was estimated by Western Adjustment officials, there were about 1,725 losses that will be handled by that organization alone.

A large amount of damage to automobiles falling under the comprehensive endorsement was reported by Mr. Lippincott. About 50 percent of the automobile claims now being received by Western Adjustment are under this endorsement. Most of these claims are small, being chargeable to marred finish, broken windshields or windows, turret-tops dented or perforated by falling debris. It is probable there will be many automobile claims filed that were due indirectly to the windstorm, such as liability claims, collision caused by the veering of cars on the highway due to gusts of wind which caused the cars to run into the ditch or strike other cars. The ice and snow that accompanied the storm caused a great deal of skidding and many smashups.

Underwriters Adjusting already has had referred to it from 4,000 to 5,000 losses in Chicago alone, about 2,000 from Milwaukee and it is estimated that the total there that will be handled by Underwriters Adjusting will be at least 3,000.

Few Agents Handling Losses

According to General Manager Pettigrew, very few agents are handling the losses arising from this windstorm in any part of the central western territory. Ordinarily agents handle the very small losses, especially in the rural districts, but the number is so great that they are referring all losses to the adjustment bureaus and independent adjusters.

The storm hit hard in nine of the 13 states under jurisdiction of the Western Underwriters Association, the worst blows being struck in Wisconsin, Michigan and Illinois. While it appeared to be a straight blow, adjusters are convinced there were in the greater storm many very localized storms of extreme intensity and wind velocity of 80 miles an hour or more, possibly even small twisters.

Field men were seriously handicapped in going out on the losses because of the

strong wind that continued for about 24 hours after it first hit any given point, and also the heavy snows that fell in Minnesota, Michigan and some of the other more northerly states. Highways in a number of these states were blocked and cars buried and marooned. Transportation was tied up and field men had the greatest difficulty in getting from one point to another. Nevertheless the entire adjustment machinery in the middle west swung into instant action and many adjusters were out on losses even while the wind still was blowing at 60 miles an hour. In a number of instances agreement was reached with the assured by telephone on a settlement and when the adjuster got out on the loss it developed additional damage had occurred and the figures had to be changed.

Note Little Moral Hazard

Moral hazard played a minor part, according to leading adjusters. There were, however, a few instances where assured tried to profit at the expense of the companies. In one case an adjuster was talking to the assured who claimed one-half his roof had been torn off by the wind, when the assured's little boy came around the house and commented to his father on the shingles that "papa" had torn off the previous day and hid behind the house.

The greatest difficulty was being encountered everywhere in finding skilled workers to repair the damage, especially roofers. The construction business has not been very active in recent months and many of these men have drifted to other trades. Another factor is that many have gone to cantonments where barracks and other buildings are being put up to house the draftees. In such emergencies, on many losses tarpaulins have been spread over the torn roofs and other temporary measures taken to prevent additional damage until workmen can be found to do the job.

Glass Loss in Big Figures

This situation was especially found in the case of plate glass damage at Chicago and in other large centers. The plate glass service companies had many thousands of losses referred to them and were unable to keep up with the orders. A great many broken windows were boarded up temporarily. The stock of plate glass was sufficient to take care of the service immediately, but the force of glaziers was too small, especially in Chicago.

Factory Loss Not Heavy

Although there are a number of larger factory losses, the total in that department is not unusually high. Western Factory is working on about 200 losses, most of which, it was reported by W. L. Sundstrom, assistant manager, are small. No figures as yet were available from that organization on specific losses.

At the Allis-Chalmers plant at LaPorte, Ind., the loss is estimated from \$15,000 to \$20,000. There was bad roof damage and some wind shock to the structure, it was said. The major part of this line, \$3,300,000, was said to be written through Western Factory and the mutuals had only \$925,000, this portion having been placed through the Kemper companies of Chicago.

Protection Mutual of Chicago reported no large losses although a great many loss reports have been received. Principal damage to factories was roof and windows and torn roof coverings.

Mutuals Also Very Busy

Mutual Adjustment & Inspection reported it had received about 300 loss reports, mainly roof damage and chimneys, the most severe being the Allis-Chalmers claim. The average loss appears to be about \$300 with a number

ranging up to \$1,000. On the casualty side, the Kemper companies have received about 200 claims, the average being about \$75, it was said.

The farm department of the Home of New York in Chicago has received from 2,200 to 2,300 loss reports and expects about 1,000 additional before the adjustments on this one storm are cleaned up. The farm losses appear to be running not more than \$50 average, although some total losses on barns and out-buildings were reported. A very few total losses on rural dwellings were received.

One of the fairly expensive losses of the storm was that of St. Patrick's Church in Ottawa, Ill. A heavy stone cross was blown from the top of the steeple and crashed through the roof.

Although the plate glass losses are far less numerous than those under windstorm and extended coverage policies, yet the plate glass losses will average three or four times those of the fire companies. For the most part, the plates that were broken were large ones.

TURKEY LOSSES LARGE

A great mortality in the storm among turkey flocks was reported, especially in Michigan, Iowa and Minnesota. Some reports set the mortality at 20 percent of the entire Michigan turkey population. These fowl were said to have been covered under a special inland marine form written by a number of companies on a complicated rate basis which gave a decreasing rate with increase in age, and an increasing valuation in propor-

tion to the increased weight, generally up to a maximum of \$2 a bird. The coverage, in most cases, is against fire, lightning, tornado, windstorm, cyclone, smothering, drowning and/or freezing and hail, as a direct consequence, and also death due to collision while being transported. Theft can be added.

This coverage was arranged primarily for the purpose of permitting the turkey ranchers to secure financing to get feed. It was found that the banks were unwilling to make loans on the flocks unless these were insured. It was reported that even some of the small turkey ranches had valuations of \$40,000 to \$50,000. Marine men say, undoubtedly, some of the inland marine departments that wrote this coverage suffered very heavy loss, especially since it came two weeks before the birds were to go to market and when they were at peak valuation.

Liability Rises with Age

The liability per bird is determined by formula, starting at 50 cents for the first month, 80 cents the second month, \$1.10 third month, \$1.40 fourth month, \$1.70 fifth month, and \$2 sixth month and thereafter. The number of pullets determines the total liability. Theft is covered at 15 cents additional premium in the basic rate. The coverage is written with \$10 deductible from each claim to discourage small claims on a few birds.

Springfield Fire & Marine's inland marine department had tested this coverage for two years in southeastern Minnesota, having only a limited number of risks but suffering considerable loss, it was said, due to the many birds in a single risk. The southeastern part of

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Additional Fire News on Page 27

the state was hardest hit by windstorm and a freak blizzard, including Blue Earth county. Thousands of birds were unable to get to shelter and froze.

About 1,200,000 turkeys are reported to have died in the United States in and since the storm, with an indeterminate amount of insurance. Phoenix of Connecticut was one of the pioneers in this field, the business being handled in the northwest by Noel W. Cady, superintendent of the inland marine department covering Iowa, Nebraska, Minnesota, Wisconsin, North and South Dakota. Northwestern National until Jan. 1 had a substantial volume of turkey business, it being noted that on \$30,000 premiums only one loss of \$1,500 was encountered. The company, it was said, withdrew from the turkey coverage field Jan. 1. Security of New Haven also wrote some of the business experimentally.

Dr. W. H. Timmons, general agent Hartford Livestock in Chicago, stated that the company does not insure fowl, hogs, dogs, etc. There were no unusual livestock insurance losses. The principal hazard in severe windstorm is that livestock will huddle and smother animals at the bottom of the pile. Hartford Livestock, however, writes this insurance mainly on race horses, pure bred bulls and other more select stock and does not go in for cattle insurance on a wholesale basis.

Toplis & Harding Is Busy

Toplis & Harding, adjusters in Chicago, reported about 1,500 to 2,000 losses have been referred to them, mainly involving roof and glass damage. No big losses have appeared and the average was running from \$50 to \$100.

Marine men say a great deal of grain cargo was damaged in the Great Lakes shipping industry. While only a few boats were lost, a large number suffered damage. The heavy seas found many leaky hatch covers, opened seams in hulls and let the water into the cargo. A number of small boats were damaged on the Great Lakes, especially in Lake Michigan, and it appears there were a few total losses.

Cook County Loss Adjustment Bureau is handling about 6,000 losses and expects another 1,500 as a maximum will be handled by nonaffiliated companies. Building losses are running \$15 to \$400, excluding some larger losses.

IOWA TURKEY LOSS HEAVY

DES MOINES—Armistice day windstorm caused heavy loss to turkey raisers in Iowa, much of this being insured, it is believed. More than 200,000 birds were reported to have died in Iowa, where there was a blizzard in addition to excessive wind. In most instances the flocks were covered on a full value basis. It was estimated the total loss on turkeys in Iowa would run close to \$500,000, and similar losses were reported in Nebraska, Minnesota and Michigan. The birds were valued on an average at \$2.50 per bird in Iowa. Most policies were on a graduated value basis and with the birds ready for the market, there will result a full value loss payment.

HEAVY WIND LOSS IN TENNESSEE

CROCKETT MILLS, TENN.—The windstorm Nov. 11 destroyed local high school and elementary school buildings, three stores, a church building and several residences here, losses being estimated at \$150,000 to \$250,000. Agents from Dyersburg, 20 miles away, say that about 20 percent of the loss is covered by insurance. No appreciable loss was sustained at any other point in the state.

MUCH DAMAGE IN MINNESOTA

ST. PAUL—Checkup of the Armistice day storm losses in this area reveal insurance companies were lucky so far as fires were concerned but will have plenty of claims in other lines. Severest losses probably will be on automobile and truck policies, for the storm played

havoc with traffic in cities and on highways. Scores of cars were stalled in the huge drifts, there were numerous collisions and a few fatalities.

Companies writing turkey and livestock insurance will have plenty of claims. It was estimated that about 15,000 turkeys were killed in one part of Minnesota and total turkey losses in the state probably will run quite high. Considerable livestock on farms and in transit to market was killed. The high wind broke many plate glass windows.

Fire losses were not heavy. A large fire damaged a combination store and apartment building in St. Paul on which there was \$45,000 building insurance and \$25,000 contents. Loss will be upwards of \$20,000. Had a fire broken out in a group of frame buildings in the high wind that prevailed for 24 hours, a conflagration might well have resulted. Radio stations carried a warning from the Minneapolis fire prevention council for all people to watch their heating plants closely to prevent a fire and they also were urged by Arthur Spottswood, fire prevention chief, to clear snow away from fire hydrants to facilitate the department's work.

B. A. Thompson to Speak

B. A. Thompson of Neare, Gibbs & Co., Cincinnati, will speak before the New Orleans Insurance Exchange, Dec. 10, on marine insurance. He will attend the annual meeting of the Propeller Club in New Orleans, Dec. 8-11, and as president of the Cincinnati Port will invite the organization to hold its 1941 annual convention in Cincinnati.

Certificates Awarded

Certificates are being dispatched to the 231 agents and salesmen who completed successfully the examinations held at Pittsburgh, Oct. 2, in connection with the first annual institute of fire insurance, according to the American Mutual Alliance, which sponsored the course. All sections were represented

in the examinations, which posed various technical fire insurance problems.

Highest grades were won by L. T. Jones, Des Moines; Ben C. Vine, Alton, Ill.; H. K. Duke, Cumberland, Md.; R. I. Clark, Canton, N. Y.; T. W. Harrison, Richmond; W. E. Swigart, Huntingdon, Pa.; H. L. Van Campen, Cuyahoga Falls, O.; R. A. Sollberger, Kent, O.; B. F. Thompson, New Haven, Conn.; R. L. Van Fossan, Bethesda, Md.; D. F. Grisier, Wauseon, O.; M. E. Hyatt, Syracuse, N. Y.; E. D. Latham, Harrisburg, Pa.; P. P. Phillips, Durham, N. C., and C. H. Hull, St. Paul.

Knoxville Rates Reduced

KNOXVILLE, TENN.—The National Board has advanced Knoxville from Class 4 to Class 3, effecting a cut in fire insurance premiums of about \$100,000 annually. The new rating puts Knoxville in the same class with Nashville and Chattanooga. Memphis is in Class 2.

Missouri HOLC Order Extended

KANSAS CITY—Superintendent Lucas has issued a supplementary order to that of Sept. 15, extending the 60-day suspension of his original ousting of the SCA-HOLC insurance contract in the state to Dec. 9. It came after telegraphed pleas by the SCA.

The SCA has filed a brief in connection with the matter which is being considered by a subcommittee of the National Association of Insurance Commissioners which will report at the midyear meeting in December.

Insurance men in Missouri hope that agreement on controversial points can be reached by the commissioners and companies prior to or during the December meeting, since there are thousands of the SCA-HOLC contracts in effect in the state. Superintendent Lucas' original order not only banned further use of the contracts but asked cancellation of those already written.

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EDITORIAL COMMENT

No Section Is Immune

THE experience with windstorm losses in the central west due to the storm last week should convince every doubting Thomas that tornado protection is most essential. It is given in the extended insurance contract or it can be purchased independently. At any rate throughout all sections of the country the windstorm

hazard is always apparent. Even in Michigan, which is supposed to be somewhat immune, last week's storm certainly demonstrated the fact that the Wolverine state does not enjoy any special favoritism from the storm king. In Chicago and Cook county alone there were probably 10,000 claims or more.

Greater Cooperative Spirit

THAT was a very heartening address that Manager C. F. Thomas of the Western Underwriters Association gave to the Oklahoma agents in that he frankly stated that the whole attitude of his association toward agency organizations has completely changed in recent years. In the course of his address he said that there had been needless suspicion on each side. Agents, he brought out, had exaggerated ideas of what companies can do and of their processes. They have expected too much from the companies. It takes time, he said, to bring about changes and on the other hand he acknowledged that companies have expected too much from the agents.

In recent years companies and agents have been getting more closely together. They have been learning more about one another and what can be accomplished through their organizations. In the central west or in what is generally known as W. U. A. territory, the situation is particularly pleasing in that the

state national councillors of the National Association of Insurance Agents meet twice a year in Chicago, conferring with the subscribers actuarial committee, talking over problems that the agents present and learning what can be done and what cannot be done, and if it cannot be done, why. The indomitable, resourceful and highly intelligent George W. Carter of Detroit, the chairman of the councillors' group, is singularly fitted for the position that he holds. He and his fellows have been able to accomplish much and the results have come through a gradual improved understanding on both sides. When people get around a conference table and are frank and sincere in their discussions and free from animosity and prejudice, the achievements are certain to be constructive.

Mr. Thomas' message gives all renewed hope and courage toward the solution of issues confronting the business as a whole.

Need One Man in the Saddle

INSURANCE COMMISSIONER READ of Oklahoma in his talk before the Oklahoma local agents urged the consolidation of the insurance board and the insurance department in that state in order to simplify insurance operations and give one person supreme control. Mr. Read is commissioner and president of the state insurance board, there being two other members. The state fire marshal is a member ex-officio. Wherever there is this sort of an arrangement the results are never satisfactory.

There has been an effort made to combine the insurance department with other bureaus in state government and there has always been endless controversy. In Illinois some years ago one of

the governors in a step towards supposed economy subordinated the insurance department to the bureau of trade and commerce. Then no one knew whether the insurance superintendent really had the final answer in his department or whether the director of trade and commerce assumed authority. Insurance is a tremendous business. Its ramifications are many. Its relationship to the public is very intimate and personal. There should be one official in full command who can decide questions and assume authority without having to share it with someone else. We agree with Commissioner Read that there should be a consolidation of the work in Oklahoma.

Why Some Companies Succeed

AT THE dinner tendered Thomas Hook, manager of the health and accident department of the Standard Acci-

dent at its head office, by the Chicago Accident & Health Association, an observer could reach but one conclusion

as to a reason for the success of companies that have built up a large and profitable business in this particular field. These companies have not regarded accident and health as a sideline. They have considered it one of their major divisions. They have placed at the head an executive of experience, knowledge, sound judgment and vision. Whenever a company has attempted to build up an accident and health business as a sideline proposition, that effort has failed.

The accident and health premiums have reached large proportions and the supervision of the business requires the

highest order of talent. For instance, the total accident and health premiums of stock companies and accident and health departments of legal reserve life companies last year were \$192,550,211. The year before the figures were \$160,296,747, which shows a remarkable increase. The premiums of the mutuals were \$57,807,773, as compared with \$48,029,822.

It thus can be seen that the health and accident business today is one of the heavy producing departments of companies that allow this business to have a natural growth and be supervised by those well qualified.

PERSONAL SIDE OF THE BUSINESS

A. W. Ryerson, fire underwriter for Dearborn National, was called east last week by the death of his father, Benjamin Ryerson, Wayne, N. J. The elder Mr. Ryerson had long been connected with railroad companies.

R. Foster Piper of Hamburg, N. Y., New York assemblyman for many years and chairman of the joint legislative committee on insurance, has been elected justice of the New York supreme court, which corresponds to the district or circuit courts in other states, in the 8th district.

Ray Evans, secretary-treasurer Citizens Underwriters Agency and secretary Bluefield Board Bluefield, W. Va., has been presented the annual award for distinguished citizenship by the Bluefield American Legion Post. He is a past president of the city's chamber of commerce.

Don D. Usher, head of the Usher & Co. agency, Des Moines, was married at Council Bluffs to Louise M. Holm of Des Moines, who has been secretary in the Usher agency.

George Blomgren, Minnesota state agent Security of New Haven, was taken ill while marooned in his car near New Brighton, Minn., by the storm last week. He was taken to Midway hospital at St. Paul.

B. M. Hermes, manager New England Fire Insurance Rating Association, who recently underwent an operation in a Boston hospital, has so improved as to be able to be removed to his home.

A. H. Talmage, Pacific Coast manager American of Newark, and Mrs. Talmage are receiving an avalanche of congratulations on the birth of their second daughter. The eldest daughter was confined to the hospital at the time and Mr. Talmage also spent his nights

at the hospital to comfort the sick youngster, as it was the first time she had been away from home.

Harry C. Brown, Mason City, Ia., board chairman and immediate past president Iowa Association of Insurance Agents, was in Chicago last week attending the meeting of the American Municipal Association. He is a member of the city council of Mason City and was mayor of the city two years ago under the rotation plan of the council. Mr. Brown is chairman of the insurance committee of the Iowa Municipal League and took a prominent part in the discussion of public insurance at the national meeting.

J. R. Morrissey, assistant western manager of Hartford Fire, is in a hospital in Joliet, Ill., having suffered a stroke. His condition is reported to be serious.

F. J. Hummel, Jr., of Hummel & Meyer, Louisville agency, was taken to the hospital after he was overcome by gas at his home. His condition is not regarded as serious.

R. V. Lewis, special agent Critchell, Miller, Whitney & Barbour, Chicago, at the request of his sister, Mrs. E. L. Aldrich in California, who has not seen him for a number of years, has recorded a Christmas message and a rendition of his singing some Christmas carols to be sent to her for Christmas. **S. T. Pepick**, special agent in the same agency, who is a finished musician and who directs choirs for orphanages and churches around Chicago, accompanied Mr. Lewis. He also made a record for his family. Together, the two men recorded "Silent Night."

The **Anchor Club** held its 50th anniversary celebration at Excelsior Springs, Mo., and Kansas City. The organization takes its name from the old Anchor Mutual Fire, which was organized at Creston, Ia., in 1889. Most of the members were associated with the company at that time. It later was reinsured in the Northwestern Fire & Marine.


Two Des Moines men, **L. E. Ellis**, president L. E. Ellis & Co., and **Claude Fisher**, general agent Connecticut Mutual, attended.

Other charter members are now in other lines of business.

The wedding of **Miss Helen McKaran** and **Dwight Foster** of Evanston, Ill., took place at the First Meth-

BOUQUETS

... to Commissioner Caminetti of California for the intelligent method of handling legislative proposals at special pre-session conferences. Much has been accomplished in ironing out misunderstandings, weak points and objectionable provisions.

 <h1 style="margin: 0;">THE NATIONAL UNDERWRITER</h1>		PUBLISHED EVERY THURSDAY
Published by THE NATIONAL UNDERWRITER CO., Chicago, Cincinnati, New York. PUBLICATION OFFICE, 175 W. Jackson Blvd., CHICAGO. Telephone Wabash 2704		
EDITORIAL DEPT.: C. M. Cartwright, Managing Editor. Levering Cartwright, Assistant Managing Editor. News Editors: F. A. Post, C. D. Spencer. Associate Editors: D. R. Schilling, J. C. O'Connor.		BUSINESS DEPT.: John F. Wohlgenuth, President. H. J. Burridge, Vice-President and Secretary. John Z. Herschede, Treasurer. Associate Managers: W. A. Scanlon, G. C. Roeding, O. E. Schwartz.
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Subscription Price \$4.00 a year (Canada \$5.00). Single Copies, 20 cents. In Combination with Life Insurance Edition, \$5.50 a year (Canada \$7.50). Entered as Second-class Matter April 25, 1931, at Post Office at Chicago, Ill., Under Act, March 3, 1979.		
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odist Church of that city Thanksgiving Eve. Miss McKarahan is the daughter of Mr. and Mrs. E. V. McKarahan of Detroit. Mr. McKarahan is manager of the Western Factory there. Mr. Foster is the son of Mr. and Mrs. Clyde D. Foster of Evanston, Mr. Foster being a well known real estate man. Miss Jean McKarahan was maid of honor. The McKarahans arrived in Evanston Sunday from Detroit to attend some of the festivities previous to the wedding. They gave the bridal dinner Tuesday evening.

E. D. Patton, western department secretary of Northern of England, has returned to New York after a two weeks' visit to middle western points. On the day of the big storm in the middle west he was preparing to go duck hunting near Pontiac, Ill., but luckily hadn't actually started out by the time the storm hit.

Payne H. Midyette of Tallahassee, Fla., president National Association of Insurance Agents, who was in Michigan during the upland bird season, visited the camp of Dudley H. Luce, state agent Providence Washington, in the Alpena district, with Waldo O. Hildebrand, Lansing, secretary-manager of the Michigan association. There he shot a huge partridge which, when returned to Lansing, won the annual prize awarded by the Parkhouse Taxidermy Company.

Osborne H. Day, New Jersey special agent of the London & Lancashire group, with headquarters in Newark, who has been confined to his home in Maplewood, N. J., for about three weeks, is rapidly recovering, but will not be at his office for at least three weeks more.

DEATHS

Wilbur Schellen, 53, special agent America Fore for western Massachusetts, who had been in poor health for the last few months, died from a heart attack. He maintained headquarters and resided in Springfield. He was born in Brooklyn and entered the insurance business in 1905 as an office boy. He had been with the America Fore group for 18 years, the greater part of that time as a field man.

M. E. Youngquist, manager of the insurance department of the First State Bank, St. Paul, lost his life in the storm last week while on a hunting trip along the Mississippi river lowlands. Mr. Youngquist took the bank agency post last June following several years as secretary to St. Paul mayors.

G. M. Smartt, 84, Chattanooga agent, died from a kidney ailment complicated by heart disease. Mr. Smartt entered insurance in 1914 and was connected with the R. S. Killebrew agency.

William P. Howe, 58, head of the marine insurance department of Johnson & Higgins, New York City, for a number of years, died at his home in Roselle, N. J. He had been connected with the brokerage house since his graduation from Princeton.

F. B. Markle, 72, vice-president of American National, the life company, and a director of Security National Fire of Galveston, died unexpectedly at his home.

E. H. Diehl, 56, president and treasurer of the C. A. Diehl Corporation, Detroit agency, died suddenly. His brother, Arthur A., is vice-president and secretary of the agency.

Daniel E. Murphy, 44, claim manager of American Underwriters Mutual Casualty, Cincinnati, died suddenly after going home from the office complaining of a pain in his chest. Mr. Murphy started in the business in Illinois with Great American and Westchester. He was appointed assistant secretary of Western & Southern Fire at Cincinnati and when that company was reinsured by Great American he became associated with the Employers group. He then went with American Underwriters Mutual Casualty when it was organized two years ago. A brother, John Murphy, is in the

Compulsory Air Raid Coverage Is Being Planned in England

The modern air raid risk in a country at war is insurable, and in England is being insured, Sir Charles Morgan Webb, British authority on money, finance and gold, told a gathering in Chicago of economists, bankers and insurance leaders.

It has been found in England, he said, during the period of ruthless air raids aimed indiscriminately at civilians' properties as well as military objectives, that the rate of destruction has been 1 percent in the last three months in cities and about one-half of 1 percent in the country.

Plan to Be Made Compulsory

On the basis of this unexpectedly good experience, he said, a bill is being brought in to make compulsory the insuring of properties against bombing, the insurance to be administered largely by the insurance companies. It probably, however, will be backed by the government. The plan will be country-wide, it is understood, all property owners being required to contribute "premiums" to a fund out of which to reimburse those whose property is destroyed.

Heretofore, it is said, London Lloyds has been writing this coverage, it being on a voluntary basis.

A factor which has not so far been considered, Sir Charles said, is that destruction of property by bombing is much like obsolescence. In London before the air raids started, he said, slum clearance was causing the destruction of almost as much property as the Germans have obliterated by their bombs.

Sir Charles said England is increasing its wealth at a rate greater than the destruction of English property on land and sea combined.

John S. Lord of Lord, Bissell & Kadyk, insurance law firm, was host and presided. He is attorney-in-fact of London Lloyds in Illinois. Among the guests were General Charles G. Dawes, Chicago banker and former vice-president of the United States, and Doctor Melchoir Palyi, noted economist who has addressed many insurance conventions. Lewis Bernays, British consul-general in Chicago, introduced the speaker.

J. C. Barber in Ohio Field

J. C. Barber, who has been associated with the Columbus office of Northwestern Mutual Fire, has been appointed a special agent. He will cover southwestern Ohio and Kentucky. He formerly was engaged in insurance work in the south.

agency business in Chicago. Mr. Murphy was a son-in-law of Harry Cohen of the Underwriters Salvage Corps of Cincinnati.

Paul Archbald, an attache of the Pacific Board, District C, died in the U. S. veterans hospital in Sawtelle, Cal., following an operation two weeks ago. He had been with the board since 1926, first in the examiners department, and lately in the provisional policy department. He was a world war veteran, a native of Morocco, Ind., where he was born Nov. 19, 1894, and is survived by his widow and three children.

M. G. Nichols, 73, Haverhill, Mass., agent, died following a long illness.

Mrs. Bergit Brunsvold, Orfordville, Wis., mother of A. C. Brunsvold, Fargo, North Dakota, state agent St. Paul Fire & Marine, died. Mrs. Brunsvold celebrated her 100th birthday Sept. 15.

E. S. Higgins, vice-president McCarthy & Phelps agency, Lynn, Mass., died there.

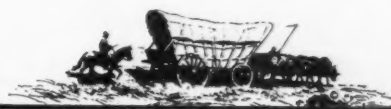
Joseph C. Worley, 40, local agent at Trebeins, near Xenia, O., died. He was a native of Springfield, where burial was made.



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The NATIONAL UNDERWRITER

November 21, 1940

CASUALTY AND SURETY SECTION

Page Twenty-one

Company Officials Are Taking a Look Into Coming Year

Look for Increase in Premium Income But Higher Loss Ratio

NEW YORK—Casualty executives are now running over their figures for the year and taking a glimpse forward into 1941. One of the big problems today is to maintain volume. The big defense program will do much toward adding to the 1941 premiums, especially in compensation and contract surety bonds. Most of the companies will show an increase this year. Some offices have added to their agency plants and that has served to bring in an extra amount of business. The general impression is that Continental Casualty will show the largest increase of any company. It has been moving along in splendid shape during the year. Last year its premiums were just short of \$23,000,000. It is expected that they will run \$25,000,000 this year. That will be a 10 percent increase which it is acknowledged is a condition devoutly to be desired.

Industry Speeding Up

With industry speeding up, especially those associated with war supplies of various kinds, there will be more employment and hence greater payrolls. The premium income on workmen's compensation will reflect this condition. Those, however, that are analytically minded do not anticipate any increased profit and believe that in actual results there will not be much of a change. While the volume will increase, actuaries say that the loss ratio will advance due to the new men being brought into industry, most of them inexperienced and many of a rather mediocre type. Then again companies writing this class realize that there is not sufficient expense loading allowed so that companies really lose between four and five points because of this inadequate loading. Compensation rates are down materially and some companies believe that the downward trend has been too fast. There is nothing alarming about the situation but the tendency constantly is to get rates down.

Automobile Insurance Outlook

The automobile insurance situation is quite interesting. Rates undoubtedly are below the proper level in this branch. This has been largely due to competitive measures and attempts to overcome the onslaught of the so-called outsiders. Companies are carrying greater liability for less premium. Pleasure car loss ratios have mounted upward while the commercial cars have traveled along on a steady keel. This situation, therefore, has not caused a deficit in the

(CONTINUED ON PAGE 32)

S. D. Pinney Heads Casualty Actuaries

Annual Meeting in N. Y. Is Enlivened by Informal Discussion Period

NEW YORK—Sydney D. Pinney, associate casualty actuary of Travelers, was elected president of the Casualty Actuarial Society at the annual meeting here. He takes the place of Francis S. Perryman, secretary and actuary of Royal Indemnity, who was ending his second term.

The meeting was uncommonly interesting this year. A number of worth-



SIDNEY D. PINNEY

while papers were given. The two whose content and subject were of a popular nature were those of President Perryman and of Jarvis Farley, assistant treasurer and actuary of Massachusetts Indemnity. Mr. Perryman, always a lucid and intelligent writer and speaker, touched on a number of fundamental conceptions of insurance in his paper entitled "Averaging in Casualty Insurance." Among other things he indicated that he favors the principle of gradation of expense according to risk size that is being advanced from so many quarters these days.

Non-Can Disability

Mr. Farley gave an extensive discussion of the current situation regarding non-cancellable disability insurance that was commented upon most favorably.

The period for informal discussion was perhaps the most lively in the history of the association. Members were asked to submit questions on current situations in the business upon which they would like to hear comment. Many questions were submitted that are of intense interest to the business as a whole and the members were free in their comments. About 75 attended the morning and afternoon sessions and the luncheon.

(CONTINUED ON PAGE 32)

Ill. Issues First Report on Lloyds

Examination Pertains to Period Since 1936 When Setup Was Changed

The Illinois insurance department has issued the report of the first examination that it has made on London Lloyds since 1936 when Lloyds received its Illinois license on the new basis. The department finds that Lloyds' assets in respect to Illinois operations are \$4,356,073 and surplus is \$513,119.

The report sets forth the terms of an agreement between Illinois department and representatives of Lloyds which was consummated in November, 1937. Lloyds agreed to furnish John S. Lord of Chicago, Illinois attorney-in-fact, with information regarding the issuance of each and every policy on Illinois risks; to file with Mr. Lord complete particulars of agency contracts and binding authorities granted in Illinois; to accept no Illinois business from agents who have not been licensed in Illinois and have not entered into an agreement to furnish Mr. Lord with all information required by Illinois law; to accept and retain risks up to only 10 per cent of funds on deposit in trust in Illinois. In this connection it was agreed that in determining the limitation of each risk accepted by one or more underwriters, no portion of a risk shall be included which shall have been reinsured with approved domestic, foreign or alien companies, including those underwriters licensed in Illinois who are not signatories of the policy covering the risk or hazard assumed; to accept surplus line business from only those agents who are members of the Association of Surplus Line Agents & Brokers and who have been properly licensed.

Executes Trust Deed

Mr. Lord agreed to execute a trust deed on behalf of all licensed non-marine underwriters of Lloyds and held by responsible banks for the security of Illinois policy obligations only. The deposit was to be comprised of funds aggregating \$2,350,000. Mr. Lord agreed to maintain records of Illinois business in his office, the records to be compiled from reports submitted by agents, brokers, adjusters and underwriters. He agreed to record in detail the complete history of each claim and to make it available for inspection by the department; to appoint a secretary of the Association of Surplus Line Agents who should maintain records of surplus lines and endorse all policies before issuance.

The agents and brokers entered into agreement to furnish all information required by law to Mr. Lord; to furnish daily reports of writings and returns; to furnish monthly bordereaux; to furnish monthly reports of remittances to London of premiums collected and salvage; to furnish monthly reports of remittances from London for return premiums, loss payments, adjusting expenses, etc.; to deliver to Mr. Lord for countersignature all policies before issuance; to secure statements from Mr. Lord that a risk is not acceptable to

(CONTINUED ON LAST PAGE)

Actuaries Treat Current Topics in Floor Discussion

Ponder Inflated Payroll Effect, Loss Trends, Safe Driver, Multi-Split

NEW YORK—One of the most popular periods ever experienced at a meeting of the Casualty Actuarial Society developed here at the recent annual meeting in an adaptation of the question and answer idea. At that time a number of situations of topical interest to the business as a whole were treated in informal and pointed style. Members had been requested to submit questions of the hour that they would like to have discussed. W. J. Constable of New York, secretary of Lumbermen's Mutual Casualty, served as master of ceremonies and he functioned in animated, breezy fashion.

The first question was why it is permissible in the automobile line to allow a credit to the policyholder, in mid-term, in the event of a reduction in manual rates, when such procedure is not permissible in workmen's compensation.

Stamping Office Factor

One member vouchsafed the opinion that the difference exists because, in New York state, at least, the compensation rates are closely controlled, the policies must be filed and the rates can be checked so that irregularities are easily exposed. In automobile there is no such control. If the assured requested cancellation of his policy and were willing to suffer the short rate penalty, the insurer could not deny him that request. Thus he would be able to replace his existing policy in one company with a policy in another at lower rate. Hence, the insurer must be permitted to do for the insured what the insured could do for himself in any event.

Another observer, however, gave a somewhat different explanation. He believes that the difference arises because workmen's compensation is a compulsory cover whereas in automobile the assured may cease to carry his policy at any time. Moreover, he said, a stamping office in automobile insurance would not be effective, because in view of the existence of the omnibus clause in the automobile policy an assured could get protection under another name.

Rating System Theory

The next question was how far may a rating system provide a reward for good experience and penalty for bad experience without regard to the probability of future loss experience.

One commentator stated that a rating system is in effect a refined classification system, and the propriety of a classification rate is determined by how

(CONTINUED ON PAGE 28)

N. Y. A. & H. Club Marks 15th Year

R. W. Pope, Employers Liability, Elected Head, Succeeding W. T. Hammer

NEW YORK—R. W. Pope, Employers Liability, was elected president of the New York City Accident & Health Club, succeeding W. T. Hammer, Commercial Casualty. Mr. Pope has long been prominent in local accident and health activities and was chairman of the club's 1939 Accident & Health Week committee.

Other officers are W. F. Casey, Accident & Casualty, first vice-president; G. T. Beyers, Massachusetts Bonding, second vice-president; W. H. Schmidt, Travelers, third vice-president; J. J. Farrel, Metropolitan Life, treasurer; H. A. Slayback, O'Hanlon Reports, assistant treasurer; and F. J. Kramer, United States Fidelity & Guaranty, secretary. B. H. Reeves, Commercial Casualty; Charles Haight, Metropolitan Life, and Julius Ullman, W. L. Perrin & Son, were elected to the executive committee, which also includes the officers, with Mr. Hammer, the retiring president, as chairman ex-officio.

Speakers at the Meeting

H. G. Helm, advertising manager, Glens Falls Indemnity, one of the New York club's organizers, talked on its early history, as did J. R. Garrett, National Casualty, the club's first president. S. M. Lamont, retired vice-president in charge of Metropolitan Life's accident and health department, contrasted the spirit of cooperation and mutual helpfulness with the cutthroat tactics that prevailed in the early days of the accident and health business. He told of one claim executive who cornered all the evidence on a suspicious suicide and offered to sell it at prices ranging from \$1,500 to \$3,000. Later the same executive paid \$2,500 on a spurious paralysis case because he lacked evidence that another company had unearthed.

G. L. McDowell, Commercial Casualty, president of the Newark Accident & Health Underwriters Association, brought greetings of that organization and presented a gavel to the New York club. C. F. Dempsey, Travelers, club vice-president, and William Jeffrey, Royal Indemnity, provided the musical entertainment. Members were saddened by the sudden death last week of L. D. Muller, former secretary of the club.

Reed Whitney Appointed to Chicago A. & H. Post

Reed Whitney has been assigned by Continental Casualty to succeed A. D. Anderson as superintendent of the accident and health department in the Insurance Exchange branch, Chicago. Mr. Anderson resigned.

Mr. Whitney goes from the Columbus, O., service office of Continental Casualty, where he has been in charge of the commercial accident and health department.

He was born and reared in Philadelphia and became an agent of Travelers there about eight years ago after being educated in Lehigh University. Later he became a special agent of Continental Casualty in the home office, traveling in the central west out of the commercial accident and health department. He was transferred to Columbus Jan. 1, 1940.

Hugo Methmann, Los Angeles branch manager Fireman's Fund Indemnity, talked on the new comprehensive liability policy before the Santa Monica Bay Agents Association.

Chicago Glass Bill in Nov. 11 Windstorm May Be \$300,000

The plate glass insurance business suffered a heavy jolt in the Armistice Day windstorm. A great deal of plate glass was broken in many cities throughout the middle west. So far it is impossible for the underwriters to give even an estimate except in Chicago, where it appears that upwards of 7,500 insured plates were broken with loss that may run as high as \$300,000.

The conditions were aggravated by a shortage of glaziers due to the fact that about 75 members of the glaziers union left the city during the depression. There are about 450 members of the union, but of these about 100 are employed in shops not handling glass. The result is there were only about 350 effective glaziers. Thus, while there was a bountiful supply of plates, it was necessary on a great many losses to send out ordinary labor to board up the openings temporarily. The replacement work was not completed this week and was going on day and night on an overtime basis.

Glass Companies Report

American Glass Company had referred to it about 2,500 replacements, a great many of these being individual risks representing a number of broken plates. Ben Beris, president, estimated there were at least 6,000 insured plates broken in Chicago alone, and that the average loss was about \$45, or a total of at least \$250,000. American Glass was averaging 300 replacements daily with only 110 men.

Ben Franklin, manager National Glass Corporation, estimated 15,000 plates were broken, of which about 50 percent, he figured, were insured. An official of another glass company estimated 35,000 pieces of glass were broken in the Chicago area, and he set the plate glass at about one-fifth of this figure. The suburban areas were hard hit, he said.

Much Ordinary Glass Broken

A factor normally overlooked as an insurance risk in windstorm—the ordinary glass—probably cost the insurance companies a great deal of money in Chicago and elsewhere in the Nov. 11 windstorm. This was due to the fact that under the extended coverage endorsement in the standard fire policy on buildings, the glass is insured against windstorm. This loss, which in number of pieces of glass probably is much larger than the plate glass item, will greatly add to the total glass bill chargeable to the storm.

The extended coverage endorsement also, it was said, will contribute on many insured plate glass losses, as even where specific plate glass insurance is carried the glass coverage in the endorsement lets the fire companies in for a minor part of the loss.

Sholl Is Dayton, O., Speaker

C. A. Sholl, Globe Casualty, Columbus, secretary National Accident & Health Association, addressed the Dayton (O.) Accident & Health Association on "The Value of the Accident & Health Association to the Individual Agent." He traced the association setup through the local and state associations to the national, pointing out that the individual salesman is the backbone of all these organizations and showing how they can assist him in improving his sales technique and in public relations activities. The technicolor movies of the national convention last June were shown.

At the next meeting Dec. 11, Dr. J. L. Rosenstein, author and psychologist, will speak. He directs the psychological clinics for Butler University at Indianapolis and the H. H. Young Foundation for Research in Clinical Psychology and recently has devoted much attention to sales problems of the insurance business.

Give Explanation of New Arkansas Law

LITTLE ROCK—The new Arkansas workmen's compensation law, which will become effective Dec. 5, was explained to more than 350 insurance men at a meeting sponsored by the Association of Casualty & Surety Underwriters.

W. M. Apple, L. B. Leigh Agency, explained the act in general and related many special points which he said applied "only to Arkansas." He said the act had been drafted after conferences and study of most of the workmen's compensation acts of other states, and said he considered it the "best in the country." He said Mississippi is the only state now without a workmen's compensation act.

Leslie Stewart, Kansas City, manager of the casualty division of the Central Surety, spoke on underwriting principles and application of the act. O. W. Wells, Memphis, superintendent of claims of U. S. F. & G., discussed handling of claims and payment losses. T. T. Wilson, Little Rock, president of the Association of Casualty & Surety Underwriters, presided.

A round-table discussion, directed by F. R. Bloom of Pine Bluff and L. C. Sparks, A. M. Anderson and Frank Mebane of Little Rock, followed.

Louisiana Countersignature Law Test Case Dismissed

NEW ORLEANS—The suit filed by Harvey C. May and a group of stock casualty companies to test the constitutionality of the Louisiana countersignature law has been dismissed on motion of the plaintiffs by the United States district court, eastern district of Louisiana. In the petition to dismiss it was stated that in view of the repeal of Act 353 of the 1938 Louisiana legislature and the decision of the United States Supreme Court in Osborn vs. Wells, the Virginia case, decided April 22, 1940, the issues in this cause in part have become moot and in part concluded, and the cause therefore should be dismissed and the injunction bond canceled.

With the dismissal of this suit Act 348 of 1938, known as the resident agents or countersignature law, now becomes operative. It provides that the resident agent receive not less than 50 percent of the regular commission on business written for non-resident agents or brokers. Act 353 which was repealed at the 1940 session of the legislature also dealt with the commission question and was considered by many to be in conflict with act 348.

Separate suits brought by the Employers Casualty of Texas also were dismissed on petition of the plaintiff. The litigation has been pending for more than a year.

Bay State OK's Multi-Split

BOSTON—The Massachusetts Rating & Inspection Bureau voted to adopt the multi-split rating plan for workmen's compensation lines. It has the approval of the insurance department and carries the same rule for eligibility as the present plan. It applies substantially to the same risks. The bureau also adopted new rates for 1941.

They are expected to show a slight over-all decrease from those now in force.

Utah and Wisconsin have approved application of the multi-split plan effective Jan. 1.

Chicago Surety Dinner

About 100 turned out for the annual dinner and entertainment of the Surety Association of Chicago Tuesday. The new officers, previously nominated, were elected. Julian Neal, assistant manager Fidelity & Deposit, is the new president. Clark Driscoll, from the head office of Century Indemnity, was a guest.

Suggests Companies Employ Experts in Collection Work

A field man for a casualty company has written to THE NATIONAL UNDERWRITER, giving suggestions and making certain criticisms in the realm of agency collections. He is somewhat appalled by the prospect that the feverish season of collections is nearly at hand and that this season coincides with the holiday period. He feels that the collection problem is an enemy of a Merry Christmas and a Happy New Year.

His main suggestion is that the collection departments at the home offices seek to devise some more effective and easier method for coordinating the work. There has been too little expert attention given to the problem, he feels. One possibility might be the employment in various regions of men who are acquainted with the essentials of accounting, who know the legal situations involved and the necessary human characteristics, to represent and act for companies in connection with delinquent agencies. Such a man would make an analysis of the circumstances of the agency, verifying accounts receivable, scrutinizing the assets and making recommendations. This service man should be prompted by the desire to help the agent help himself rather than to tie the agent's hands unless severe action seems to be necessary. His report would not be colored by past associations and various irrelevant considerations. This man would make periodical visits to agencies that are in trouble, so as to prevent misuse of funds and give what help he could.

Would Eliminate Much Expense

The man making this suggestion believes that the salary and expenses of such a service man would be more than offset by the elimination of the expense now involved in the handling of delinquent situations by special agents and other company employees. Such a service, he believes, would tend to remove the strain of the annual closing rush. The real delinquents would have been turned over to the service man for attention well in advance of the December congestion.

A tactful man meeting an agent with the idea of helping him out of difficulty should be able to win the agent's confidence. Such a man might prove to be a father confessor.

Many of the regular field men, this critic believes, are not really at home with books and accounts. They can complete forms that are furnished to them, but they are not equipped to go below the surface in the way an accountant does.

Payroll Audit Book Revised

The payroll audit committee of the National Bureau of Casualty & Surety Underwriters has completed an extensive revision of the Payroll Audit Reference Book. The new edition, dated Nov. 15, 1940, will be distributed to subscribers about Nov. 25. Copies may be obtained by others for a nominal price upon application to the National Bureau, 60 John street, New York.

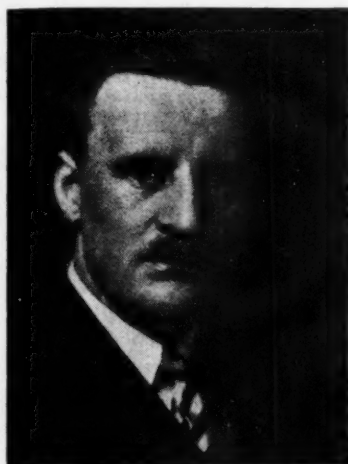
The revision called for a reprinting of the entire book. It now contains 253 pages. Since its original publication in 1938 the book has been developed to include many additional subjects pertinent to payroll auditing of all lines of casualty insurance.

A new subject on "Building Trade Wage Rates" has been introduced and the loss and expense constant procedure in connection with interstate risks has been amplified. The subject matter has been brought up to date. In addition to many editorial changes and a revised page numbering system, a new general index has been incorporated. The indexes to the sections designated "Rulings and Interpretations" of both the National Council and New York Board have been retained for ready reference.

Need Equitable, Sound Averaging in Expense Field

F. S. Perryman Gives Actuarial Support to Principles of Graduation

NEW YORK—Francis S. Perryman, secretary and actuary of Royal Indemnity, in his presidential address at the annual meeting of the Casualty Actuarial Society in New York, gave a



FRANCIS S. PERRYMAN

thoughtful treatment of the broad subject of "averaging in casualty insurance." Although he was dealing in general principles, he alluded to the attention that is being given currently to the idea of gradation of expense and he apparently is favorably inclined.

Mr. Perryman said that to assume that the expense loading is a percentage of the pure premium or of the final premium "is to evade the question and illustrates how habit may mislead us." He recalled that in his life insurance actuarial studies in England, he first dealt with net premiums and then proceeded to consider final premiums. The normal or basic method of loading was "a constant and a percentage." There were some expenses that varied as the sum insured and that had no relation to the size of the pure premium, such as the policy stamp and the agents first year commission both of which were so much per unit of sum insured. Then there were other expenses that varied decidedly as the premium, such as agent's commissions or renewals. Some of the other more general expenses fell into the category of the constant and others in that of the percentage. The other basic principle discussed was whether the expenses should not be varied according to the policy size, that is, the size of the sum insured or of the final premium, not the size of the premium rate.

Different in United States

When Mr. Perryman first became acquainted with casualty insurance in this country, he said, the loading formula lacked the element of the constant. He said that in the last month or two, he has heard suggestions that possibly some of the loading of casualty rates should be put in as a function of the pure premium.

In recent years, he said, there have

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Show More Success "Tom" Hook Dinner Shows Solidarity of Accident-Health

Actuary Farley, Massachusetts Indemnity, Calls Attention to Present Trends

Jarvis Farley, actuary and assistant treasurer of the Massachusetts Indemnity, speaking before the Casualty Actuarial Society in New York City, on "A 1940 View of Non-Cancellable Disability Insurance," said that despite an arduous history, non-cancellable business is being written today with apparent success by a small number of companies. His paper presented Mr. Farley's view of the reasons why the coverage written today seems to be succeeding despite earlier misfortunes.

The major reason lies in the treatment of the moral hazard, both in underwriting and in the policy forms themselves. The limit placed on today's non-can indemnities, as opposed to the unlimited life income in earlier policies, is a substantial factor in making it possible to underwrite the insurance, and in the author's opinion does not seriously impair the degree to which the policies meet the fundamental need.

Underwriting Essentials

Attention to details and adherence to strict standards of underwriting are essential to successful underwriting, and Mr. Farley believes this will have the effect of restricting the conduct of non-can to those companies which make it their sole line or which subordinate their other lines entirely to non-can as their major endeavor. The paper analyzed various aspects of underwriting practice, reviewed the underlying actuarial formulae, and closed on the theme that the future of non-can lies in a full understanding of the field, not only by the companies themselves but also by government officials whose power to make legislation or rulings could lead to action which might be definitely, though unintentionally, destructive.

Limit to Period of Coverage

Mr. Farley said that very little non-can is now written on a life indemnity basis and none on an unlimited life indemnity basis. Almost all of the new policies place a limit to the period of coverage varying from eight or 10 years to little more than a year.

The common prejudice against anything labeled "non-can," he said, springs largely from the experience with life indemnity, which has caused every black mark on the record.

The obvious need for a non-can policy and a strong desire of the companies to fill the need set the stage for the headlong rush into the field which followed the breaking of the ice in 1915. Competition injected into early underwriting practices serious errors. Lessons were

(CONTINUED ON PAGE 30)

"Accident and health insurance is growing, and will grow to new heights of achievement. There are still problems ahead in that field, but they will be met and solved as they come up."

Thomas Hook, head of the accident department of the Standard Accident and chairman of the Bureau of Personal Accident & Health Underwriters, who was honor guest at the accident and health executives dinner in Chicago sponsored by the Chicago Accident & Health Association, so characterized the status of the business today in his response to the tributes paid him at that dinner.

Solidarity Is Demonstrated

Ample evidence of the correctness of his characterization was afforded by the dinner itself, which was a remarkable demonstration of the solidarity and virility of accident and health insurance. That the idea of unity, which is so strongly urged in national affairs today, already has been put into effect in the accident and health field was brought out by a number of the speakers. The divisions in the business as between classes of carriers and kinds of business written, which would have made such a gathering impossible only a few years ago, have been substantially wiped out and Mr. Hook was given much of the credit for the advances that have been made along that line. The fact that accident and health has become a major line, and no longer can be relegated to the "basement," also was emphasized.

The banquet was a colorful affair. Honoring the Scotch nativity of the honor guest, plaid Scotch caps were provided for all the banqueters and Scotch songs were featured both by the soloists and in the community singing. American flags with standards were provided at each place and those in attendance were requested to take them to their offices and display them on their desks.

All Sections Represented

The attendance was large and representative. In addition to a large representation from all of the Chicago home offices and leading agencies, company executives and field men were present from all sections of the country.

The New York contingent included Ralph M. Brann, secretary Bureau of Personal Accident & Health Underwriters; L. K. Farrell, Metropolitan Life; John F. Lydon, Ocean Accident; P. H. Sheridan, Fidelity & Casualty; W. Frank White, Royal Indemnity, and L. W. Winslow, Fireman's Fund Indemnity. From other eastern cities came D. W. Donly and F. M. Walters, General Accident, and W. E. Kipp, Indemnity of North America, Philadelphia; Paul G. Garey, Commercial Casualty,

(CONTINUED ON PAGE 27)

Compulsory Auto Cover Discussed by Harrington

Describes Pitfalls to Avoid and Tells of Massachusetts Experience

NEW YORK—In an address before the New York Board of Trade at a luncheon meeting at the Hotel Astor, Commissioner Harrington of Massachusetts, after outlining the conditions that induced the adoption of the compulsory automobile insurance law in that state, which became effective, Jan. 1, 1926, and has since been in force, recited some of the major problems encountered in its enforcement, and which, he warned, should be considered by any state contemplating the adoption of similar legislation.

The gathering here was suggested by the insurance section of the New York Board of Trade—which division has a membership of 80—with a view to having a general discussion as to the merits and the shortcomings of compulsory liability insurance, in view of the bill requiring such coverage offered in the New York legislature last year and which is expected to be urged for passage when the legislature meets next January.

No Discussion Opportunity Afforded

Although a large number of fire and casualty men attended the gathering, anticipating there would be extended discussion of the question, particularly since Superintendent Pink and Motor Vehicle Commissioner Mealey, who collaborated in preparing the measure presented in the legislature last spring, were present and doubtless would have liked to express their views, no opportunity for discussion was given, the gathering being adjourned immediately after Commissioner Harrington concluded his address.

The sentiment of the insurance men at the luncheon, however, was probably sufficiently expressed by E. M. Allen, executive vice-president National Surety, chairman of the insurance section. In his concluding remarks, he said the country is now engrossed in a defense program with innumerable related problems, and that the consideration of new social legislation might well be deferred until a more opportune time.

Does Not Cover All Accidents

Notable among the features of the Massachusetts law pointed out by Mr. Harrington was the fact that, contrary to general belief, it does not provide protection for all who receive injuries as a

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Speakers at Accident & Health Executives Dinner



Seated at the speakers' table at the accident and health executives dinner staged by the Chicago Accident & Health Association, honoring Thomas Hook, superintendent accident and health department Standard Accident,

THE NATIONAL UNDERWRITER, speaking for the insurance press; Donald E. Compton, Provident Life & Accident, president Chicago association; Paul Clement, Minnesota Commercial Men's, president Health & Accident Underwriters Conference; L. K. Farrell, Metro-

politan Life, toastmaster; Mr. Hook, Ernest W. Owen, Detroit; John F. Lydon, Ocean Accident, representing the Bureau of Personal Accident & Health Underwriters, and E. H. Ferguson, Great Northern Life, president National Accident & Health Association.

NEWS OF THE CASUALTY COMPANIES

Spikes Report on Illinois Casualty

Paul W. Pickering, vice-president and secretary of the Illinois Casualty of Springfield, Ill., sends a letter to the agents spiking a rumor that has been going around to the effect that the company has changed hands. Mr. Pickering says:

"For 20 years I have been asked: 'Is the Illinois Casualty for sale? Has it been sold?' Let me say right now that neither is a fact, and I am in a position to know exactly what the facts are! The Illinois Casualty has never been 'for sale,' is not now, and will not be, as long as I have anything to do with the company. We have never been possessed of more assets, more business in force, and the claims have not been in better condition for fifteen years, than right now.

"The Illinois Casualty is a compact, substantial company with an old and permanent agency organization. Eighty-five percent of its business is in Illinois. Fifteen percent, a small but sound portion, is in Iowa. We have always been a target for all manner of offers, to buy or merge, and some of these offers have been pressed and publicized, all out of the desire, or imagination, of the other party. We all, agents and company, should feel very flattered at all this interest in us!"

Report of Examination of Bituminous Casualty

A convention examination of the Bituminous Casualty of Rock Island, Ill., has been made by Illinois, Kansas and Georgia departments, as of Dec. 31. It writes workmen's compensation and property damage other than automobile. Its assets are \$6,743,648, claim reserve \$3,112,242, premium reserve \$1,567,091, capital \$500,000, net surplus \$1,033,330. The report says a steady growth has been experienced during the three years covered by the examination. The capitalization during the same period has been increased from \$250,000 to \$500,000. Approximately 80 percent of the assets consist of deposits in banks and in federal government bonds. The report finds that the company has been consistent in its equitable treatment of policyholders and prompt payment of policy obligations.

It commenced business Aug. 1, 1928. Complete branch offices are maintained in Chicago, Louisville, Rock Island, Kansas City, Mo., and Charlotte, N. C. Branch offices for issuance of policies are located in St. Louis, Nashville and Indianapolis. A non-recording branch office is maintained at Minneapolis. General agencies are maintained at Tallahassee, Birmingham, Milwaukee, Atlanta, Omaha, Belleville, Ill., and Miami, Okla.

Its premiums last year were \$4,886,359 and total income \$5,025,369. Its losses were \$2,495,210 and total disbursements \$4,625,385. Its loss ratio last year was 57.39 percent, adjustment expense ratio 10.87 percent, underwriting expense ratio 26.08 percent, investment expense ratio 9.91 percent, percent of total losses and expenses incurred and dividends declared to total income 97.73 percent.

Standard Accident States Financing Details

Standard Accident has now filed with the Securities & Exchange Commission a registration statement for 115,270 shares of common stock, \$10 par. Holders of common stock will be entitled to subscribe for 1.9 new common shares for each share held at the initial public offering price. That price will be filed by amendment. Any shares not taken by stockholders within the subscription

period of 10 days after the effective date of the registration statement, may be publicly offered by the underwriters. The First Boston Corporation and others that will be named by amendment will underwrite the issue.

It is estimated that the proceeds of the issue will exceed \$6,500,000. Of that amount \$3,370,000 will be used to redeem at \$45 a share 75,000 of the \$10 par \$2.25 cumulative preferred stock. The balance will be assigned to general corporate funds.

Standard Accident reported to the SEC that its premiums earned for the year ended Sept. 30 were \$14,866,977 and that it enjoyed a net income of \$1,421,958 after income taxes. Assets as of Sept. 30 amounted to \$24,504,851.

Extra Dividend for Pacific Indemnity

LOS ANGELES—Directors of the Pacific Indemnity have declared the regular quarterly dividend of 40 cents a share and an extra dividend of 20 cents, payable Jan. 2. This brings total dividends to \$2.25 a share for 1940. Net premiums for the first nine months

totalled \$5,031,393, an increase of \$716,569. As of Sept. 30, admitted assets totalled \$13,077,319, with \$5,173,346 surplus to policyholders.

Continental Casualty Dividend

The Continental Casualty has declared a quarterly dividend of 30 cents a share and an extra of 30 cents a share. The gross operating profits for the first nine months are comparable with those of the similar period last year. Cash dividend payments for the year will equal \$1.50 a share.

Motorists Mutual Moves

The Motorists Mutual has moved to its new home office, 471 East Broad street, Columbus, O. On Nov. 30 agents will inspect the new building and in the evening will be guests at a banquet, which will be attended by about 400 persons, including representatives of the Ohio insurance division. The building will be open for public inspection Dec. 7-8.

Commercial Indemnity Progress

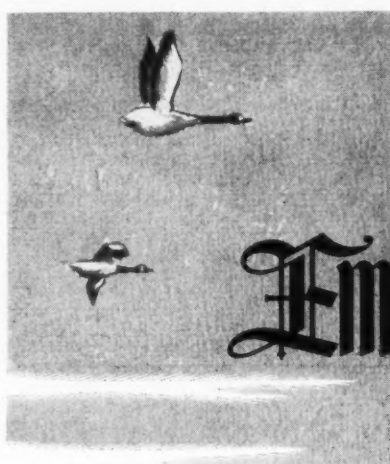
INDIANAPOLIS—About 75 persons from 61 Indiana towns attended a founders' meeting of the Commercial

Indemnity here. Sale of the founders' shares has been progressing rapidly, it was reported, and the company hopes to secure its license in the next 30 days.

A. H. Wyatt is organization director. He aided in organizing the Michigan Life and the Standard Life. R. J. Daly, Detroit, is president; W. A. Shepler, vice-president; William Storen, treasurer; J. T. Hamill, secretary, and Albert Stump, attorney. All except the president are from Indianapolis.

The Delta Mutual Casualty of Fort Smith, Ark., is now ready to commence business. R. A. Staton is president and P. O. Goetcher, secretary.

For the first time in four years R. V. Fuller of the National Council on Compensation Insurance expected this week to eat Thanksgiving day dinner at his home in New York. Every other Thanksgiving day in recent years he has been traveling about the country attending rate hearings in various states and had to eat his holiday turkey either on a train or an airplane. This week he attended a hearing in St. Paul Nov. 19-20 and by combination train and plane travel hoped to get back to New York in time for dinner Thursday.



Emmco

AGENTS SHOOT FOR EXTRA PROFITS

Automobile insurance agents who want to increase their income without added work are taking a lesson from the hunter who increases his bag by shooting for doubles.

The Emmco Plan makes it possible for an agent to increase his income with the same number of prospects. In addition, this plan increases his chances of closing and keeping customers year after year. It removes many of the reasons for shifting business.

The tremendous number of agents who have taken on the Emmco Plan is proof that we offer what they have long been wanting.

WRITE FOR THE EMMCO PLAN

Send for details regarding this business-building, business-holding plan today! No obligation.

OPERATING ON THE AMERICAN AGENCY PLAN

EMMCO CASUALTY INSURANCE CO., INC.

EMMCO INSURANCE CO., INC.

HOME OFFICES: SOUTH BEND, INDIANA

E. M. MORRIS
PRESIDENT

T. F. SHORTALL
AGENCY SUPERINTENDENT



KARL BRECHT
SECRETARY

C. L. SCRANTON
MGR. UNDERWRITING DEPT.

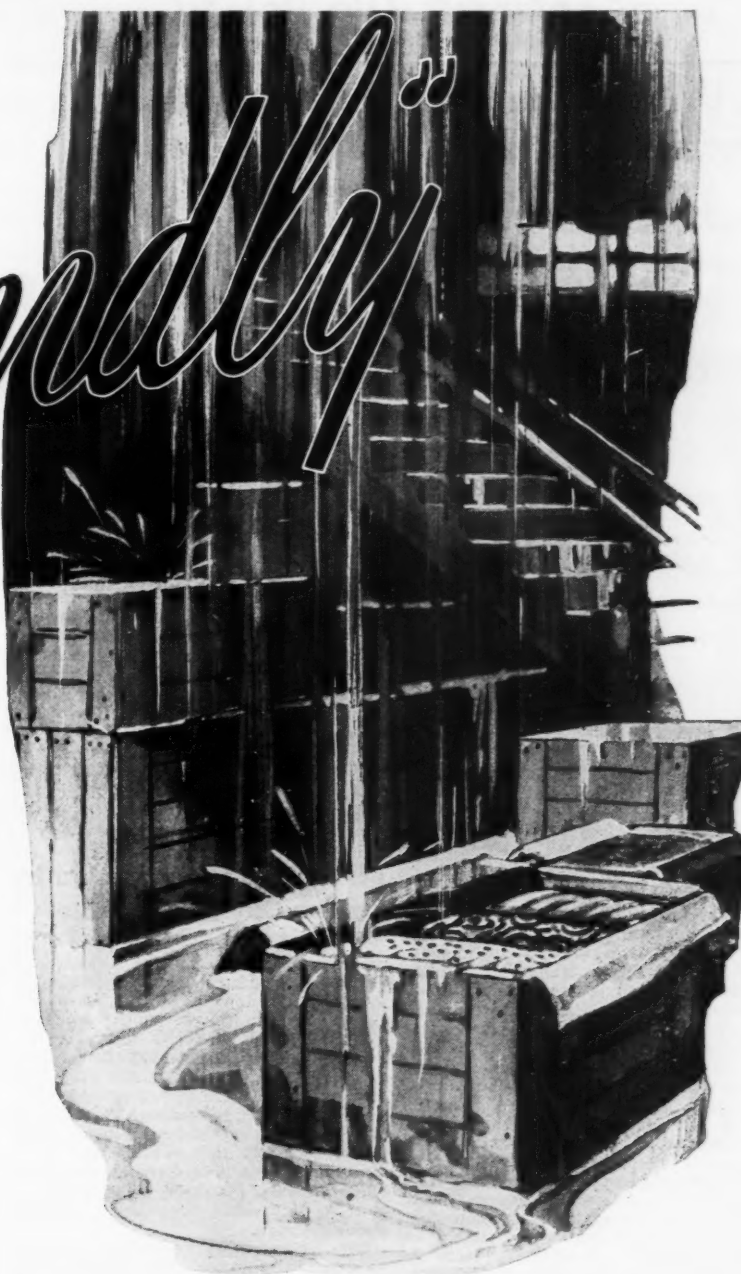
"Unfriendly" WATER

JUST as fire insurance protects against losses caused by "unfriendly" fires, Water Damage insurance indemnifies for losses caused by water *where it isn't wanted*.

Although fire insurance is almost universally recognized as a basic financial need, Water Damage insurance hasn't yet been given the prominence that it deserves. Those agents and brokers who have "discovered" it, however, find that it can be sold with comparative ease, that it shows a high percentage of renewals, and that it is decidedly profitable.

The Ætna has pioneered in this field and is particularly well equipped to service both its producers and its policyholders. Sales of Ætna Water Damage insurance show a decided upward trend, this year's gain in *new* business written being more than 20%.

There are almost unlimited opportunities for those who are the first to introduce this needed



coverage to the property owners and lessees in their communities. Among the many classes of prospects are retailers, manufacturers, hotel and apartment house owners, as well as the owners and occupants of better type homes.

For detailed information and samples of rate charts, advertising folders and other sales helps, contact the nearest Ætna supervising office or write to the Home Office at Hartford.



The Ætna Casualty and Surety Company

Affiliated with

THE ÆTNA LIFE INSURANCE COMPANY — THE STANDARD FIRE INSURANCE COMPANY
THE AUTOMOBILE INSURANCE COMPANY OF HARTFORD, CONNECTICUT

ACCIDENT AND HEALTH

A. D. Anderson with Occidental Life Post Election Slump Is Felt

A. D. Anderson, for nine years with the accident and health department of the Continental Casualty and for several years manager of the accident and health department in its Chicago branch office, has been appointed accident and health division manager of the Occidental Life of California, with headquarters in Chi-



A. D. ANDERSON

cago, supervising the Occidental's accident and health business in Illinois, Minnesota, Indiana, Ohio and Michigan.

A native of Pennsylvania, Mr. Anderson was educated at Erie, Pa., and Thiel College, Greenville, Pa. He served with the 28th division in the last war. After a few years in the automobile business in Erie, Mr. Anderson took up accident and health insurance as an agent of the Travelers. He later became manager for the Commercial Casualty and joined the Continental in 1931. After a year and a half as manager of the accident and health department in its Pittsburgh branch office, he was made assistant superintendent of agents of the commercial accident and health department at the home office. After three years in that position, he was transferred to the Chicago branch office.

He has been especially active in association work, serving as president of the Chicago Accident & Health Association, following two years as vice-president, and as vice-president of the National Accident & Health Association. He served for several years as a member of the general committee in charge of Accident & Health Insurance Week. He also has been active in American Legion and other civic work.

Mr. Anderson left last week for the home office of the Occidental in Los Angeles, to confer with officials there before taking up his new work.

Defrosting Correspondence Urged

Harold R. Gordon, executive secretary Health & Accident Underwriters Conference, spoke to the Chicago Claim Association at its meeting Wednesday night on "Defrosting Correspondence." He emphasized the need for getting away from formal and stilted wording in letters, the desirability of personalizing letters and getting more of the human angle into them, and the great possibilities for improving public relations in accident and health insurance through correspondence with both agents and policyholders.

"Bosses' night" was observed by the Minneapolis Insurance Women's Association with a dinner at which J. R. Graham, Chicago manager U. S. Aviation Underwriters, spoke.

Life and accident and health salesmen report that they are still encountering sales resistance which is an aftermath of the election. The complaint seems to be rather general. A great many persons worked themselves into a high pitch of excitement before the election and the hopes of a Republican victory were high. A good many seemingly are in a despondent mood and are quite inflation conscious. Agents say that a good many prospects bring up the speech that Al Smith made just before the election in which he contended policyholders and savings bank depositors would be threatened by continuation of the new deal fiscal policies.

Most observers believe that the production slump will prove short lived; that the election situation will become dim in the consciousness of business men and that the anticipated Christmas boom will generate a more receptive attitude on the part of prospects.

Agents say that the somewhat paralyzing effect of the draft situation on life insurance production among young men within the age limits has pretty well vanished. Those liable to the draft now know about where they stand and what the likelihood is of their being called. Those that are not toward the top of the list are more disposed to plot their course along normal lines.

M. Z. Abell Is Nominated by Kansas City A. & H. Assn.

KANSAS CITY—On the first anniversary of its founding, the Kansas City Accident & Health Association nominated the following officers, who will be voted on at the December meeting:

M. Z. Abell, Business Men's Assurance, president, to succeed J. M. Belwood, Connecticut General; F. Glenn Packwood, Massachusetts Bonding, vice-president; M. F. Houston, Washington National Life, secretary-treasurer; Robert Watts, Pacific Mutual, and Kiah Warden, Connecticut General, executive committeemen for three years, and J. I. Barton, Maryland Casualty, advisory committeeman.

The nominating committee under George E. Swancy, Washington National, recommended the appointment of membership, meetings, attendance and reception committees.

On the Saturday preceding Christmas, Mr. Belwood, Mr. Houston, Mr. Packwood and R. J. Costigan of the B. M. A. will give a party for the association in the B. M. A. recreation room.

The question and answer session Nov. 15, conducted by Mr. Costigan proved so successful that it is to be continued.

Pacific Mutual "Non-Can" Claims Come Up Nov. 25

LOS ANGELES—An effort to dispose of pending "non-can" claims growing out of the rehabilitation of the Pacific Mutual Life is to be taken up in superior court here Nov. 25.

Superior Judge Schmidt has issued an order to Commissioner Caminetti and 287 holders of "non-can" policies of the old company, returnable on that date, to show cause why the allowances made to 287 policyholders by Judge Caminetti should not be set aside. The order was issued on petition of the Pacific Mutual Life and W. R. Forker.

The 287 policyholders are listed with the amount of their allowance, ranging from \$6,472 for the largest down to 16 cents for the smallest. They are divided into three groups, (1) those who allowed their policies to lapse subsequent to July 22, 1936, and previous to Feb. 20, 1937; (2) those who permitted their policies to lapse subsequent to Feb. 20, 1937,

and (3) those who rejected the rehabilitation plan and are seeking a larger amount than was allowed them.

New \$5 Auto Accident Form Popular; Skeptics Critical

The new \$5 automobile accident policy recently placed on the market is proving very popular among multiple line casualty agents. The main objective of such a form is to get the agents not now writing accident insurance interested in such business. For example, one multiple line company with 8,000 agents only has 500 men actively selling accident. It feels that if it can get some of these non-producing 7,500 agents interested in accident through the \$5 policy, which is easy to sell, that later this business can be converted into full coverage.

There appears to be a difference of opinion on the conversion possibilities, the skeptics holding that the theory sounds fine, but in actual practice it does not work out. They feel the soundest program is to educate agents in selling broader coverage in the first place rather than to try short cuts.

There is some question of the favorableness of the experience on the \$5 policy. Some of the underwriters who have placed such policies on the market are uneasy because such a large volume of business is being developed before they can get any test experience.

Dignan Is Cleveland Speaker

CLEVELAND—W. R. Dignan, sales manager W. E. Lord & Co., Cincinnati, addressed the Cleveland Accident & Health Association on "Accident & Health Insurance Can Be Sold—and How." He emphasized that only by active salesmanship could anything be sold. Agents must see the prospects in order to sell them. Insurance is sold by the salesman and not by company literature. It is a case of constantly contacting and constantly talking the facts of accident and health coverage and its benefits.

Mr. Dignan flew from Cincinnati and back to make the scheduled talk. Over 50 were present for the largest luncheon meeting ever held by the Cleveland association. The next meeting will be the annual meeting and stag party Dec. 13.

McKenna Montana State Agent

Harold G. McKenna, state supervisor for the Great Western of Des Moines before its merger with the Washington National and later Montana general agent of the Washington National, has resigned to become Montana state agent of the National Travelers Casualty of Des Moines. He also will act as Montana state agent of the Central Life of Des Moines.

Report on Mass. Accident

BOSTON—A lengthy report on the Massachusetts Accident has been filed with the Massachusetts supreme court by Commissioner Harrington as receiver. The report covers the non-cancellable claims in detail and is expected to form the basis for the settlement by the court of claims of "non-can" policyholders who declined to accept the plan set up by the receiver to be administered by the Union Mutual Life of Portland, Me.

Jackson Shows Progress

Hubert Jackson, the new Chicago general agent of the Loyal Protective Life, located at 30 North LaSalle street, now has eight men under contract.

Plan for Accident & Health Week

Plans for the observance of 1941 Accident & Health Insurance Week, March 24-29, were approved at a meeting of the general committee in Chicago. It was decided to continue the contribution plan used last year and to utilize the facilities of Chairman Harold R. Gordon's

office again. Promotional material designs including posters, window displays, "68" buttons, letterheads, which will be distributed by THE NATIONAL UNDERWRITER, were approved. There were about 25 at the meeting, the attendance being stimulated by the company executives who attended the special meeting of the Chicago Accident & Health Association that evening.

Loss Ratios Staggering on "Relief" Policyholders

Companies writing both commercial and monthly premium or monthly and weekly premium accident and health insurance report that loss ratios are in inverse proportion to the financial status of the policyholders.

With most companies, the loss ratio on commercial business this year has been decidedly favorable. The monthly premium loss ratio, while higher than on commercial business, is considered quite satisfactory for that class of business.

On weekly premium business, however, loss ratios have attained staggering proportions. Officials of companies writing that class of business attribute this condition very largely to the relief situation. If weekly premium policyholders are not on relief themselves, they undoubtedly have some relatives or friends who are.

"They have become so accustomed to getting something for nothing from the government," one company executive said, "that apparently they can't see why they shouldn't do the same thing with their accident and health insurance."

Widen Pittsburgh Membership

PITTSBURGH—New by-laws greatly widening the membership scope of the Pittsburgh Accident & Health Association were adopted at the last meeting. Regular membership with dues of \$5 a year is open to agents, claim men, attorneys and doctors affiliated with the insurance business and inspection service representatives. Associate members without the right of voting or holding office will be admitted for dues of \$2 a year.

W. E. Sickles, Jr., program director of radio station WSW, spoke.

PERSONALS

Bart Leiper, advertising manager Provident Life & Accident, has been named publicity chairman of the Chattanooga Safety Council.

Dr. Marion A. Bills, assistant secretary of the Aetna Life, who was awarded the Leffingwell medal last year for her accomplishments in the field of scientific management, being the first woman to receive this distinction, addressed the New England chapter of the National Office Management Association in Boston on personnel management and clerical training.

J. W. Scherr, president of Inter-Ocean Casualty, Cincinnati, and Mrs. Scherr were severely shaken up in an automobile accident on a mountainous road near Charleston, W. Va., en route to Washington, D. C. Mrs. Scherr is in the Doctors hospital in Washington where she is recovering from a fractured rib and ankle. Mr. Scherr may return to Cincinnati next week. He sustained only minor bruises.

L. D. Muller, head of an exclusively accident and health agency in New York, died in Fulton street as a result of a heart attack. He organized the agency in 1933. Previously he was connected with Maryland Casualty, Ocean Accident and Royal Indemnity, all in accident and health work.

Mrs. Margaret E. Allen, 81, mother of E. M. Allen, executive vice-president National Surety, died at her home at Winona, Wis. She is survived by two sons besides Mr. Allen and a daughter.

LATE FIRE NEWS

Consider Covering Loss of Contracts

There is considerable interest in protecting an assured against loss through cancellation under a government contract because of fire or other insurable hazard. Most of these contracts have a time limit and the successful bidder either suffers a penalty or loses the entire contract should he be unable to deliver the goods on schedule. A use and occupancy policy will not cover most assured completely in these cases, because indemnity under it ceases as soon as the premises are restored to operating condition, regardless of whether the assured's business after resumption of operations is equal to what it was before the fire or reasonably would have been had no fire occurred. Should the assured lose a valuable contract because of inability to manufacture, he might find himself with his plant restored and recovery paid for loss of the business he would have done during the period of interruption, but with no recovery for the subsequent loss of business, which in case of a contract expected to keep his plant busy for a long time might be greater than the recoverable use and occupancy loss.

This situation is not new and special insurance on important contracts has been written occasionally in the past, but the number of government orders under the defense program has greatly stimulated interest. There has been some talk of endorsing the use and occupancy policy to cover this, perhaps adapting the principle of the "profits" form used largely in Canada as a substitute for use and occupancy insurance on mercantile risks. In general, this form pays for diminution of the assured's business during an entire year, including the period after the premises are restored to operating conditions. Most underwriters, however, feel that it is better practice to divorce special insurance on contracts entirely from use and occupancy and to write a specific policy covering loss due to cancellation of one or more specifically described contracts.

Form Not Complicated

Underwriters who have written some of this business say that drawing up a form is relatively simple, the difficult proposition being to get complete information from the agent or assured. The form usually recites the important features of the contract, particularly conditions under which it may be canceled, and provides that the assured shall be reimbursed for the profit he normally would have earned from the contract should it be canceled because of an insured hazard causing damage to designated premises. There are usually provisions regarding deduction of expenses incident to carrying out the contract not incurred by the assured at the time of the loss, use of other facilities, salvage, etc. This insurance obviously contemplates either a total loss or no loss at all, hence careful attention must be paid to the company's line. Rates are largely a matter of individual underwriting judgment, but because of the total loss possibilities, underwriters are usually reluctant to accept a risk of this type at less than the building rate or contents rate, or an average of them. The form usually provides for recovery in the event the loss is caused by damage to or destruction of buildings, machinery, fixtures or stock. It may also be written on a contingent basis, covering loss of the contract through inability of the assured to get necessary supplies or equipment because of the fire or other damage to supplying plants.

It is claimed that many agents and assured inquire about this coverage, but they generally fail to supply the company with complete information regarding the terms of the contract, locations which may be involved, facilities for get-

ting other supplies or carrying on the contract with other equipment, etc., and often are slow to comply with requests of underwriters for more information, so most such propositions do not get beyond the preliminary inquiry stage. It is felt, however, that the risk is insurable and that there is a market for occasional lines.

A complication existing with most government contracts, which is not found with private contracts lies in the fact that government orders are usually covered by a contract bond. This guarantees the government against loss should the manufacturer fail to go through with his contract. If the contract contains no provision for mitigation in the event of fire or other damage to the assured's plant, special insurance against loss of the contract would amount in many cases wholly or partially to the company reimbursing the surety. This, however, should be no deterrent to the sale of this coverage, since the principal is always obligated to reimburse the surety for any loss paid under a bond.

It is felt that in some lines there is no need for this insurance, since certain features of the defense program have taxed all available plants in these fields to their full capacity, so that the government would not be able to do anything but wait should a particular plant be put out of commission. However, this is not true in all fields and even in the overloaded lines there is always the possibility that government officials might think the situation serious enough to warrant building or subsidizing another plant to carry on the work.

Gulf Makes Home Office and Field Changes

Gulf announces a number of changes in its official staff and field personnel. Resident Secretary Vernon C. Dargan in the Pacific department office at Los Angeles has been promoted to resident vice-president.

Harold F. Sweeney, manager of the central department at Indianapolis, has been given the title of resident secretary.

Charles R. Ervin, special agent for north Texas, with headquarters at Dallas, has been transferred to Lubbock, succeeding F. P. Chenault, who is now located in Illinois. V. F. Chase, assistant examiner in the home office, has been promoted to special agent and will travel the field vacated by Mr. Ervin.

J. B. Waskom, III, has joined the home office staff as inland marine underwriter and assistant to L. K. Giffin, manager of the inland marine department.

Lange Lecture on Putting Out Flame in Pamphlet Form

Underwriters' Laboratories, Inc., has issued a pamphlet, "The Demonstration Lecture on Extinguishing Flame," which is a copy of a lecture by H. W. Lange, assistant engineer. The way in which the phenomenon of fire is explained and fire extinguishing methods are demonstrated have, whenever the talk is given, proved intensely interesting. Therefore, copies have been printed and are available gratis in moderate quantities to agents and others and can be obtained from the Chicago, New York, San Francisco and Los Angeles offices.

B. P. Caldwell, Jr., assistant secretary in charge of publicity, says that the lecture can be shortened without greatly impairing its effectiveness. The few props necessary are readily available to insurance men and a little practice will develop a facility in conducting the experiments.

Arson Investigators' Bibliography

R. C. Steinmetz, chief special investigator of the fire investigation department of the Mill Mutual Fire Prevention Bureau of Chicago, has gotten out a selected bibliography for fire insurance company investigators and others

engaged in the detection of arson and kindred crimes. There are numerous books, magazines, periodicals and pamphlets listed in this booklet.

W. B. Miller Made President of Virginia Fire & Marine

NEW YORK—W. B. Miller, assistant secretary of the Great American with supervision over its southern territory, has been elected president and a director of the Virginia Fire & Marine of Richmond. The post of president has been vacant for several years. He will take active charge about Dec. 1.

From 1921 to 1928 Mr. Miller was special agent of the North Carolina Home, traveling the Carolinas, Georgia and Alabama. Thereafter for three years he was a partner in the Asheville, N. C., local agency of Webb & Miller. He joined the Great American as special agent in upper New York in 1931, and became assistant secretary in 1937.

St. Paul F. & M. Men in Service

ST. PAUL—John R. Crossen, who has been in charge of claims for the St. Paul Fire & Marine at Cleveland, is now in Mississippi as a first lieutenant in the Ohio national guard. J. L. Lamprey, Jr., fire entry clerk at the home office, is at San Diego as a second lieutenant in the marine corps, and Bruce Brink of the bond department has joined the naval reserve.

Approve Check Room Policies

NEW YORK—The committee on interpretation and complaint of the Inland Marine Underwriters Association has approved issuance of check room policies. Property checked as an incident to transit, travel or transportation in check rooms of hotels, clubs, hospitals or other establishments may be covered under a marine or inland marine form.

Manning's Connection Advisory

LOS ANGELES—Blagden Manning, manager Pacific Coast department of the American Home of New York, declares his interest in the Pasadena Fire, now forming, is that of friendly adviser merely, and has no bearing on his relations with the American Home, which he will continue to represent.

South Dakota Meeting

The South Dakota Blue Goose luncheon was held Monday at Sioux Falls with Earl Lemonds, speaker. He covered the activities of the Red Cross in its special field. J. T. Sorenson of Chicago, engineer of the North America, was a guest.

L. H. Clark Advanced

Northern of New York announces that L. H. Clark of Detroit, special agent, is made state agent succeeding the late J. W. Beck. In recent years Mr. Beck had been giving his attention largely to the Detroit-area. Mr. Clark is located in the Lafayette building, Detroit.

Claims Bureau Gathering

NEW YORK—A forum attended by the claim managers and counsel of member companies was held by the claims bureau of the Association of Casualty & Surety Executives. At the morning session, under the chairmanship of F. J. Roan, Commercial Casualty, reports on claims bureau work in the field were presented by special agents in charge of field offices. L. K. Babcock, Aetna Casualty, reported on the activities of the claims bureau advisory committee, as its chairman. Barent Ten Eyck, general solicitor of the bureau, reported on recent and pending projects.

The afternoon session, under the chairmanship of H. F. Dimond, Fidelity & Casualty, was largely devoted to papers by Dr. Louis Schwartz, National Institute of Health, Bethesda, Md., on "Diagnosis of Allergic Occupational Dermatitis and Dermatitis From Wearing Apparel," and by E. A. Harmon, London

Tom Hook Dinner Shows Solidarity of A. & H.

(CONTINUED FROM PAGE 23)

Newark; E. B. Fuller, Loyal Protective Life, Boston; Harry Prevost, United States Fidelity & Guaranty, Baltimore, and Clyde W. Young, Monarch Life, Springfield, Mass.

The central west contingent included T. R. Wyles, R. J. Walker, H. White and J. Hacker, Standard Accident; R. M. Rowland, National Casualty, and E. B. Brink, Mutual Benefit Health & Accident, all from Detroit; J. J. Helby, Federal Casualty; C. E. Dalrymple, Preferred Accident, and E. H. Mueller, Pacific Mutual Life, Milwaukee; C. A. Sholl, Globe Casualty, and W. B. Cornett, Loyal Protective Life, Columbus, O.; J. W. Scherr, Jr., Inter-Ocean Casualty, Cincinnati; E. G. Trimble, Jr., Employers Reinsurance, Kansas City; S. C. Carroll and V. J. Skutt, Mutual Benefit Health & Accident, Omaha; C. Norman Green, Hoosier Casualty, Indianapolis; O. F. Davis, Illinois Bankers Life, Monmouth, Ill., and G. A. L'Estrange, Wisconsin National Life, Oshkosh, Wis. G. V. Chandler, General Accident, San Francisco, represented the Pacific Coast.

The highest credit is due to Harold R. Gordon, executive secretary Health & Accident Underwriters Conference and chairman of the Chicago association's committee in charge of the banquet, who took personal charge of all the arrangements for it, and to Donald E. Compton, Provident Life & Accident, president of the Chicago association, who originated the idea.

"Automobile Claim Practice" Has Been Published

V. C. Gorton, author of "Automobile Claim Practice," just published by the Rough Notes Company, Indianapolis, has had many years of experience in handling automobile claims, first as an attorney at Indianapolis, and since January, 1933, in complete charge of the legal and claim departments of the Allstate. In 1940 he was made vice-president and general counsel. During all of these years Mr. Gorton has specialized in automobile claim work. For many years he has made a practice of making notes, from the thousands of cases passing over his desk, of the important points which must be watched in the work of adjusting automobile claims. "Automobile Claim Practice" is a compilation of these notes taken from actual experience.

"Automobile Claim Practice" is therefore a manual of instruction for the automobile claim adjuster. It covers only the procedure in the investigation and settlement of claims. It makes no attempt whatever to cover the law of automobile insurance, or to interpret policy conditions.

The book sells for \$3.50 and can be purchased from THE NATIONAL UNDERWRITER.

Expects Monopoly Bill

COLUMBIA, S. C.—The South Carolina Association of Insurance Agents expects a monopolistic state compensation insurance bill to be introduced early in the legislative session. It will no doubt be advocated with renewed vigor, according to Manager H. A. Brown of the association.

Slot Machines Not Covered

PORTLAND, ORE.—The Northwest Amusement Company was denied recovery from the Aetna Casualty on a burglary policy for theft of 27 slot machines, in a decision by Justice Kelly of the Oregon supreme court. The court held that the burglary policy was not valid because the possession of the slot machines was illegal in Oregon.

Guarantee, on "The Legal Aspects of Allergy."

Actuaries Treat Current Topics in Floor Discussion

(CONTINUED FROM PAGE 21)

nearly it comes to giving the permissible loss ratio. A rating system, he said, should be subjected to the same criteria. If the loss ratios, taking account of all the credit systems and all the debit systems, have come together, the procedure has not gone too far. On the other hand if the debit risks are giving a loss ratio that is higher than the average and the credit risks are giving a ratio that is lower, then the system has not gone far enough. This observer said that the experience rating arrangements in New York and Massachusetts have come nearer to providing desirable results than has the classification system.

Status of Multi-Split Plan

Another question inquired as to the present status of the so-called multi-split plan for arriving at workmen's compensation rates. It was explained that the plan in outline was presented to the various state authorities for an expression of opinion as to their probable attitude should it be formally filed. At least two-thirds of the commissioners replied that they would give favorable consideration to the plan if it were filed. Thereupon, the National Council on Compensation Insurance decided to file the multi-split plan coincidentally with rate revisions in the various states after Dec. 3. Already the plan has been approved by Utah and Wisconsin for application after Dec. 31.

There was a question as to the current trend in automobile and workmen's compensation loss ratios. One observer expressed the opinion that the trend is upward in automobile P.L. and down in auto P.D.

A representative of one of the large companies stated that the compensation loss trend is upward and that his company is concerned on that account. He said the increase may be due partially to the fact that the companies are not yet getting a reflection of increased payrolls; moreover the effect of downward rate revisions is "catching up;" then, the experience of risks handled on the retrospective rating system continues to improve; that results in the company paying back more money to assured and contributes to a higher loss ratio. The rates, he declared, are coming closer to producing a 60 percent loss ratio.

Sees Upward Curve

The representative of one of the leading automobile writing companies predicted that there would be an increase in the auto P.L. loss ratio itself of 15 percent plus about a two point increase because of the change in schedule P. Under that change, the companies this year will be required to set up loss reserves for incomplete policy years on a case basis rather than on the basis of 60 percent of the premium reserve.

One of the members asked for an actuarial explanation of the aggregate limit independent of risk size in products liability and other forms. There was a brief discussion of this point, the consensus being that the aggregate limits should be related to the risk size. One observer expressed the opinion that the situation is taken care of because risks above a certain size are on an A rated basis and that in that procedure the matter of aggregate limits is handled individually.

One observer stated that some distorted situations may develop in connection with aggregate limits. For instance, he told of an assured who elected to assume the occupational disease hazard. Most of the O.D. losses would be covered under the 1B clause in the compensation policy. There was a \$25,000 aggregate limit under the 1B

clause but it turned out that the assured was paying \$30,000 excess premium because he elected to take care of O.D. claims. In other words, he was paying out in premiums \$5,000 more than he could possibly collect in losses.

Compulsory Auto Cover

There was a question pertaining to compulsory automobile insurance. The inquirer apparently felt that New York state is destined to have a compulsory automobile insurance law and he wanted to know what changes from the Massachusetts law would be desirable. There was not a great deal of discussion on this point. A member from Massachusetts expressed the opinion that the law of his state is working fairly well and the assigned risk plan is working smoothly. However, he predicted that there would be very intricate mechanical problems if compulsory insurance were adopted in New York. If motorists were required to carry P.D. as well as P.L., the automobile premiums in New York state, he said, might run up to as high as \$200,000,000. A complicating factor would be the A, B, C rating plan in New York.

There was a question as to whether the safe driver reward plan has been beneficial to the companies that are using it. Those who spoke on this point expressed the opinion that the plan has been beneficial. One member said that his company's experience under the plan has been fair and the accident frequency seems to have dropped somewhat in connection with risks rated under the safe driver plan.

One member said that the chief benefit has been to stimulate the companies to continue to work toward some classification scheme that would tend to give benefits to those entitled to them. The safe driver reward plan is not the final answer. The business is on the fringe of a correct rating scheme and he predicted that eventually there will be a greater number of classifications. The problem is to find a scheme of properly allotting risks into respective classes.

Two Classes or Three?

One of the members pointed out that in some of the rate controlled states the authorities have insisted that there be just two classes of risks rather than three under the standard safe driver plan. For instance, in North Carolina the only classes are A-1 and B. Another state is considering approving just two classes, A and B. This observer expressed the opinion that the experience under A and B classes is not far apart but that the A-1 experience is decidedly better. If the A-1 risks are thrown into the A class, the new A class would then produce a differential in experience from B, he said. The question is, he said, if the companies are forced to reduce their classifications to two, whether those classes should be A-1 and B or A and B.

Inflation of Payrolls

The next question produced extended discussion. The member submitting the question assumed that as a result of the great forthcoming industrial activity in connection with the defense program there would be a very sharp increase in payroll with corresponding increase in workmen's compensation premiums; that the compensation experience would be very favorable and that after the activity ceases the rates will be pitched on the basis of very favorable, inflated payroll experience and will probably be too low.

The first speaker, however, did not subscribe to the assumptions of that question. He feels that the loss experience during the period of intense industrial activity is likely to be adverse. He believes that there will be efforts made by the government to place currently unemployed persons on industrial payrolls and that because of their greenness, they will be susceptible to injury. He feels that the great necessity of the insurers will be to get prompt payroll audits so as to supply the wherewithal

to pay current losses. He said that the war catches the business at the wrong time. It is not ready because the contingency factor in compensation rating has disappeared. If the contingency factor had been in existence there would not have been such drastic rate cuts in 1939 and 1940 in New York state as there were. He believes that the rates will not be redundant in the period that lies ahead.

Difference of Opinion

Other speakers, however, did subscribe to the assumptions of the question. One observer predicted that there would be a big expansion of payrolls particularly because of enforcement of union rules and labor laws. He predicts there will be a big increase in premiums and then in the aftermath, when activity lets down, the companies will be forced to reduce rates to inadequate level.

The first speaker declared that it is true there will be inflated payrolls and high wages, but he believes that the increase in accident frequency will more than offset the effect of inflated payrolls.

A related question was whether payroll audits should be corrected so as to discount part of the payment for overtime work.

One speaker said that in the last war, before the United States entered the conflict, there was an increase in the loss ratios and compensation rates were increased, but after that happened it was found that the increase was not needed. After the United States entered the war, the rates were more than sufficient. He expressed the belief that the current situation is comparable to the situation at the time the United States entered the last war.

Another speaker, who approves the theory that there will be inflated payrolls, mentioned a government project in a rural area where union scale of wages is paid and if a man works eight hours a day he is to get paid for what he would have earned had he worked 11 hours. He believes that after the boom, the statistics will look favorable and will produce inadequate rates. He said that the companies should lay aside their profits from compensation business in the next few years to take care of later headaches. However, such a procedure will be rendered difficult by the likelihood of ever more severe income taxes.

Warlike Industries

Another member expressed the opinion that certain definite warlike industries will experience a great boom but that normal business activity will not. Hence he suggested that the companies undertake to segregate their experience and create a separate body of statistics pertaining only to definitely wartime industries. Then when the expected aftermath comes, the plea could be made that the rates should not be pitched on the war industry record.

There was criticism of that idea, however, from one member, who feels that there will be a boom in practically all lines, including luxury goods; that there will be higher wages from increased pay scales and overtime and that the loss ratio will be lower.

The first speaker declared that a new social era exists today and that there will be a drive to give work to the currently unemployed and to reduce the amount of overtime work. He repeated that he is not optimistic about the loss ratio possibility. Another speaker said that he does not believe there will be the sharp increase in wage scale that there was at the time of the former war. Today there is a high starting wage scale. He pointed out that although it is true that overtime work must be paid from 1½ to twice the regular scale, overtime also increases the hours of exposure.

Weekly Earnings Factor

Another observer stated that the vital factor in workmen's compensation claims is the weekly earnings rather than the wage rate and he expressed the

belief that weekly earnings will go up more than the wage rate.

One of the members stated that at no time were the rates ever just right. In workmen's compensation the rate making is on a long range basis and it has proved satisfactory, he said.

The final question was how members of the Actuarial Society could make their knowledge available to social security authorities, legislative bodies and others interested in various social insurance schemes involving actuarial principles.

S. D. Pinney, the new president of the society, during the course of this discussion, announced that he would appoint a committee on the subject. One of the members suggested that the unemployment compensation program needs the kind of assistance that workmen's compensation experts can provide. President Perryman stated that he had received a request from one of the states for such assistance.

Puncturing the Balloon

Some of the commentators seemed to think that the governmental authorities don't want actuarial assistance because usually an actuary "punctures the balloon." One member referred to a report soon to be made concerning the first year's experience of the railroad unemployment compensation plan. The report will recommend that the benefits be increased by 75 percent. He pointed out that the board is giving 100 percent credence to a single year's experience in one line. "No actuary was consulted about it," he declared.

CHANGES

Veum Made Assistant Manager

J. E. Veum, Jr., field assistant casualty lines of the Travelers in Minneapolis, has been promoted to assistant manager. He is a graduate of the University of Minnesota and had sales experience in the bond business previous to joining Travelers.

Bass to Portland, Ore.

PORTLAND, ORE.—Gifford Bass, casualty special agent, has been transferred to Portland to assist Glen W. Potts in handling the territory for the Pacific Coast department of St. Paul-Mercury Indemnity.

Britt with Illinois Casualty

Raymond L. Britt, who resigned recently as field man for Gulf in Illinois, has now joined Illinois Casualty of Springfield. He will travel in northern Illinois, exclusive of Cook county. Mr. Britt is well known in the field. He traveled in Illinois for Northwestern National of Milwaukee for about seven years before going with Gulf.

Russell H. Miller, who has been with Illinois Casualty 20 years, will continue to cover southern Illinois.

Calkins with Globe Indemnity

C. C. Calkins has been appointed special agent for the Chicago office of Globe Indemnity, having been with that office for the past four months. Upon graduating from Knox College he was in the wholesale grocery business with his father, but in 1938 went to Hartford to attend the Travelers life and accident school. He returned to his home in Freeport, Ill., and was a personal producer. Becoming more interested in casualty lines, Mr. Calkins went to Baltimore last spring and attended the casualty school of U. S. F. & G.

Psychologist Cincinnati Speaker

CINCINNATI—Dr. J. L. Rosenstein, Indianapolis author and psychologist, will address the meeting of the Cincinnati Accident & Health Association Dec. 10.

WORKMEN'S COMPENSATION

National Council Will Meet Dec. 5

NEW YORK—In addition to hearing the report of General Manager W. F. Roeber, the business to be considered at the meeting of the National Council on Compensation Insurance Dec. 5 provides for reviewing the activities of the organization for the preceding 12 months, the election of committees and the consideration of any other matters submitted.

Under the constitution of the council, representatives of the board of appeals, four members of the governing committee and all members of the rates committees must be elected annually. J. S. Phillips, chairman Great American Indemnity, and J. L. Train, president Utica Mutual, now represent the carriers on the board of appeals. The companies now represented on the governing committee whose terms will expire next month, are: American Mutual, Liberty Mutual, Aetna Casualty and Travelers.

The rates committee is composed of Aetna Casualty, Employers Liability, Fidelity & Casualty, Globe Indemnity, Hartford Accident, Maryland Casualty, Ocean Accident, Travelers, U. S. Casualty and U. S. F. & G., stock carriers, together with those non-stock companies: American Mutual Liability, Casualty Reciprocal Exchange, Employers Mutual of Iowa, Employers Mutual of Wisconsin, Hardware Mutual, Liberty Mutual, Interboro Mutual Indemnity, Lumbermen's Mutual, Michigan Mutual and Utica Mutual. The nominating committee will recommend that all companies be reelected. At the same time, members of the 16 regional committees throughout the country will be selected.

Machinery to Carry Out Ark. Law Ready by Dec. 5

LITTLE ROCK—Carrying out a plan agreed upon at a conference with H. M. Adkins, governor-elect, Governor Bailey expects to have the Arkansas compensation commission in office and ready to supervise the new workmen's compensation system by Dec. 5, effective date of the referred act approved at the Nov. 5 election. The three-member commission will be appointed and schedules will be announced by the Arkansas department.

Company men at a general meeting here discussed the type of coverage to be offered and agreed on procedure. It is believed that only a few employers will prefer self-insurance, which is authorized where satisfactory evidence of ability to meet claims is given or approved surety bond filed.

Lower Rates Asked Because of Government Competition

ST. PAUL—Increasing competition of the federal government with private business was presented as an argument by Minnesota employers for the lowest possible compensation insurance rates when the 1941 rate proposals were considered at a hearing of the Minnesota Compensation Insurance Board Nov. 19. Speaking for the Associated Contractors of Minnesota, R. J. Hendershott said the government is cutting so sharply into the business of contractors that it is imperative that their operating costs be reduced to the lowest level practicable. He opposed the 40 percent loading

charge proposed by the insurance companies, as did A. V. Williams, spokesman for the Minnesota Employers Association.

These were about the only formal objections raised to the 1941 rate proposals, calling for an overall reduction of 4.9 percent, which if approved would bring the cumulative reduction the past six years to about 35 percent. Spokesmen for various employer groups at the hearing enthusiastically endorsed the multi-split rate plan. P. T. Mucke, president Insurance Buyers Association of Minnesota, said that organization was fully in accord with the plan.

Following the rate hearing the compensation board took up the matter of the \$1,700,000 refund action brought by a group of employers who claim that rates in 1934, 1935 and 1936 were illegal because of the use of the contingency factor.

Missouri Department Hears Compensation Proposals

JEFFERSON CITY, MO.—An overall reduction in compensation rates of

about 5.7 percent was proposed by insurance carriers at the annual hearing before the insurance department. Reductions of from 1 cent to \$3.70 per \$100 of payroll were proposed in 410 classes, and increases of from 1 cent to \$1.54 in 120 classes; 50 classes remain unchanged.

Discussed at the hearing also was the experience rating plan and corresponding amendments in the manual rules on loss constants. There were some editorial changes considered.

Usually the department acts about Dec. 20 on the information developed at the hearing.

Cal. 1941 Manual Approved

SAN FRANCISCO—With no opposition offered, the new 1941 California workmen's compensation insurance manual has been approved by Commissioner Caminetti. While the commissioner called a public hearing, only those approving the adoption of the manual appeared and the actual order of approval was "automatic." Last year the state fund protested the 1940 manual, demanding that the companies cut the 40.6 percent expense loading approximately 26 percent.

The new manual rates "over-all" are approximately .1 of 1 percent lower. A few classifications were modified and others increased. Only a few minor

changes are included in the classifications and rules.

Initiate Mass. State Fund Bill

BOSTON—Massachusetts labor interests have prepared an initiative petition to be presented to legislature which may pave the way for a popular vote on a monopolistic compensation state fund if it is rejected by the 1941 legislature.

A. J. Stockmier Promoted

SAN FRANCISCO—A. J. Stockmier, agency superintendent for the London & Lancashire companies on the Pacific Coast, has been elected an assistant secretary of the London & Lancashire Indemnity. Mr. Stockmier, who was with the Los Angeles office of the Pacific Board for 13 years, joined the London & Lancashire organization as a special agent in southern California in 1936, later being transferred to San Francisco as agency superintendent.

Harold Reinhold, U. S. F. & G. district supervisor in Detroit and instructor in insurance at Wayne University, addressed the Highland Park Exchange Club on dishonesty insurance.

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Technique of Handling Non-Can

(CONTINUED FROM PAGE 23)

learned that the very real need for broad, permanent disability income insurance creates a fertile field for the coverage which can meet that need and that the field is crisscrossed by a moral hazard which must be solved in order to underwrite successfully.

The old time unrestricted life indemnity policy intended to provide a substitute income as long as total disability lasted, but the modern policies have no such intention. However, the modern policies, he contended, do not fall seriously short of affording full protection against the fundamental hazards.

Long term protection at modern rates is not cheap and, therefore, applicants for complete protection constitute an extremely small proportion of all prospects. Most prospects must necessarily adapt their coverage to their means. Hence, the broadest part of the field is fully served by policies providing no more than two years of coverage. Another large group is actively interested in the coverage out to eight or ten years. A two year policy covers almost two-thirds of disability, and less than one-fifth of all disability lies beyond the scope of a policy paying for 100 months. There is only a very small proportion of true total disability which cannot be covered by the policies available.

Ten Year Annuity

A ten year annuity, according to Mr. Farley, is vastly different from a life annuity in the eyes of a man who is uncertain whether to give up or attempt a comeback. Even a long limit prevents underwriting errors from accumulating in the form of permanent claims with extremely high reserves. There lies a major strength of modern limited term non-can.

The limitation on the indemnities serves to draw a broad distinction between disability and superannuation. The old life indemnity policy was made to bear the cost of many a claim which was really a regular old age annuity. Results would have been better if the policies had made outright provision to cover both hazards or if the stage had been better set to exclude or reduce the old age hazard.

Longer term policies must still be more carefully underwritten than the short term coverage. Short term policies expect a high frequency and a low average claim. Long term policies generally carry a waiting period and expect a frequency which may be less than one-tenth of that on a short policy, but the initial value of the claim annuity may be more than ten times greater. A rate of underwriting error which could pass almost unnoticed when the expected frequency is 250 per 1,000, could be very serious if the expected frequency is 25 per 1,000.

Underwriting Moral Hazard

Under the head of underwriting the moral hazard, Mr. Farley said that disability insurance should be large enough to afford necessities, but only under carefully guarded conditions should it ever be a factor in providing luxuries. It would be a mistake to base long time participation on anything but established net earnings. A company can control its own policy or participation and limits, but once a non-can policy is issued there is nothing to prevent another company from issuing additional insurance which violates those limits. The policyholder who obtains other insurance with a questionable motive is most likely to protect himself by giving notice thereof. Accordingly, standard provision 17 which provides for giving notice of other insurance has small significance in a non-can policy.

The so-called "average-earnings clause" is the only feasible form of protection against over-insurance resulting from decreased earnings, but observance of uniform and conservative standards

of participation by the individual companies is far more effective in preventing deliberate over-insurance.

Anything which indicates a tendency to be unreasonable or unbusinesslike in case of a claim indicates an undesirable policyholder. Almost fanatical attention to the question of earned income is a sine qua non of successful underwriting.

So far as the physical hazard is concerned, he said, a life insurance examination is not adequate to the needs of the non-can medical director. Risks of disability and mortality are not identical and the hazards are not always measured by the same yardstick. A good disability examiner, for example, can occasionally discover some aspect about the applicant which bears more on the moral hazard than the physical, and in which the life company would not be interested. The value of the able examiner lies in his appraisal of the personality and the appearance of the applicant and in his assistance in obtaining family history, personal medical experience and a further check on other insurance. A medical examination may be valuable for its effect in discouraging outright the application of poor risks.

Tuberculosis has been one of the greatest causes of disability losses in the past. It now seems possible that strict attention to family history in connection with age and weight of the applicant may have increased the underwriters' efficiency in avoiding this hazard. Insanity psychoses and neuroses still cause many disability losses. Greater attention to family history and to economic and personal history may reduce the frequency of claims here.

Substandard Risks

In taking up the question of substandard risks, he said, that part of the problem can be handled by offering short term insurance to certain types of risks not acceptable on the long term basis applied for. Where the moral hazard is reasonable and the physical aspect clean in other respects, short term insurance with exclusions may be socially desirable and financially possible. British companies, he said, have accepted some types of impairments without exclusion but at an increased premium. It is probable, however, that American companies will be extremely wary about entering the substandard field.

He warned against departing from the standards that are set up. It is an unusual agency difficulty which is worth inviting a claim that may run into thousands of dollars. Complete freedom from all agency pressure in the underwriting department is a condition of success. There must be a well trained, aggressive sales organization to produce applications from good risks as well as poor. Underwriting by agents cannot always be relied upon.

Special Legal Hazards

Mr. Farley took up the question of special legal hazards in the non can field. The most satisfactory defense against the legal hazard, he said, is to keep as free as possible from all litigation. Where the question hinges on construction of a policy term, it is better to pursue a liberal policy in settlement. If that is done, he said, most remaining litigation will arise from such causes as misrepresentation in obtaining the policy, gross malingering or "just pure cussedness." These causes can never be eliminated but much can be done to cut them off at the source. On the question of claim administration, Mr. Farley said that most questionable disability claims fall into one of two categories: either an unquestioned disability involving doubt as to whether the policy covers or a condition which would be covered, except for a possibility that the claimant is not truly disabled.

A device is sometimes used of provid-

ing that benefits will be reduced if the insured, while still totally disabled, is not confined within doors. Some companies set an aggregate limit to the period of indemnity for each individual disability.

Influence of Physician

The most effective weapon against long term malingering is a physician who understands the nature and purpose of disability insurance. Frequently the professional relationship between the specialist and the insured's own physician makes it possible to discuss constructively the real nature of the insurance. Where the assured's own physician admits that disability is not total, the assured generally modifies his claim to indemnity for partial disability. In long term policies, a provision for a limited period of partial is a desirable means of effecting an amicable transition from total disability indemnity to recovery. It will often reduce the amount of indemnity otherwise payable while at the same time cementing good feeling. The best safeguard against malingering is the personal contact between the company's representative and the assured and his physician.

The older policies define total disability as inability to engage in any occupation for wage or profit. This led to fears that ability to sell shoe strings on a street corner would disqualify the insured from benefits. Total disability is now rather generally defined as inability to engage in the assured's regular occupation. Only in the longest term coverage does any other definition appear.

The speaker took up the question of advance settlements. Sometimes a reasonable advance on the policy can serve the function of restoring the man's self confidence by giving him capital to re-enter an economic field, and also of saving an expensive protracted claim by re-establishing the assured's earning power.

Then there is the type of advance which consists of buying up a policy in order to substitute a known loss for an indefinite claim liability. There is a subtle danger in the practice, namely, that the reserve held on a claim in conformity with the recognized valuation standards will be confused with the individual value of that claim. A tabular reserve is an estimated average value, too high in some cases and much too low in others. The claimant who will settle quickest is generally the one who expects to recover quickest. The adjuster who settles very far in advance with many such claimants may find it necessary to draw on surplus before the remaining claims are fully paid.

Need Equitable, Sound Averaging

(CONTINUED FROM PAGE 23)

developed in casualty insurance certain ideas that have the effect of "graduating" the loading so that the final effect is to load the larger premium sizes (not premium rates) proportionately less than the smaller. He mentioned expense and loss constants, graduated commissions and expense loadings and retrospective rating. Until recently, Mr. Perryman observed, little attention was paid to the expense end of premium determination. The usual procedure was to ascertain roughly the expenses, for the major lines, and then to load all pure premiums for that line by one flat percentage loading, making a few exceptions for particular subdivisions where an obvious departure was clearly indicated as, for example, if different commission rates were by custom allowable.

It would be impossible, he declared, to make premium rates so that the expense portion will exactly pay for all the expenses properly belonging to it any more than the pure premium portion can be pitched exactly for the actual losses. The objective is that in

a large group of similar or homogeneous policy contracts, the pure premium portion and the expense portion will balance the actual losses and the actual expenses.

Brakes and Checks

Mr. Perryman raised the question of how much the expenses should be or whether there should be brakes or checks so as to prevent them from being unreasonably high. The answer is considered indefinite because of difference of opinion, for instance, on what standards should be set up for accident prevention work, for research, etc. A few expenses are, of course, quite definite, for instance, premium taxes. "Commissions," he said, "are often considered in this category since the percentage of premium paid as commission is usually definitely fixed: however of late years this acceptance of traditional commission rates has been challenged, the view being advanced that this item of cost should be subject to the same kind of critical scrutiny with a view to verifying its value to the purchaser."

Mr. Perryman pointed out that competition provides checks and brakes on the expense portion. Competition also operates in the direction of requiring the business to give continual attention to the proper application and use of the principles of averaging the loss and expense portions.

If there is only rough justice instead of correct scientific equilibrium in the premium charges for different classes, competition in the shape of some wide awake rival carrier will come along. This holds, he said, equally for loss and for expense costs. If proper and adequate service can be provided at a certain expense level, any group of carriers with higher costs will find competitors springing up ready to supply the service at the economic cost level.

Laws of Economics

All service charged for must be capable of being and must be justified. This includes the service rendered by the producer. "The cost of 'producing' business amounts to a considerable share of the premium for the very considerable service rendered the insured; nevertheless, unless the cost of the service is coordinated with its value, the inviolable laws of economics will inevitably operate to do so and . . . it is better that the parties concerned should not close their eyes or minds to the realities of the situation but should ever be on the alert to rectify any maladjustment in the current system."

If the schedule of rates is not constructed on proper scientific lines, the charges for some kinds of risks, maybe those of some classification, or those in some territory, or those of some sizes, will be too high and others will be too low. Competitors will set out to write at lower, but yet profitable, levels, those risks for which the rates are too high. The first carrier will be "left holding the bag" in the shape of the other risks at inadequate premiums.

Third Party Auto Problem

He ventured the opinion that many of the difficulties of the big "standard" countrywide carriers in the writing of third party auto insurance on private passenger cars can be attributed to the difficulty of devising proper rating schedules for such risks. In the main up to recently, rates in any given territory were nearly flat, whereas as a matter of fact, the actual insurance risks varied considerably. This was an invitation for competition. The "standard" carriers were aware of the unevenness in their rates and of the dangers to which they were exposed, but the difficulties of the problem of proper rating are great and have not yet been overcome. One beneficial result of the competition will be the evolution of more satisfactory rating methods, he declared.

Where rates are regulated by states, he said, particularly in compensation,

the form of competition is more restricted. Unless rate regulations set the proper scale of rates, correctly founded on the principle of proper averaging, grave consequences will be produced. The business will be handled by various types of companies and the classification of business will differ. If the charges for the various classes, contents, sizes and locations of risks are not equitably balanced, the effective rate levels for the actual portfolio of business written by the various carriers will be too high for some and too low for others. There will follow serious friction and partisan disputes.

As regards the insurance rate disputes, distinction, he said, has not been clearly drawn between fair discrimination (this being the essence of proper rating) and unfair discrimination. However, some of the confusion regarding the application of anti-discrimination laws to expense provisions has been cleared away.

Mr. Perryman said he desired to emphasize that the whole of the premium should be based on sound and equitable averaging, it being just as important to get the expense loading equitably applied as it is in the case of the loss provision. Use of this principle would require that similar attention should be given to any other factors that enter into the makeup of the final cost to the assured. "To give just one example: The dividends of participating companies should be apportioned in equitable recognition of the sources of the profits; as in the case of expense loadings, the practice to date appears in general to make the dividends flat percentages of premiums although it is by no means certain that this is the most equitable procedure."

Compulsory Auto Cover Discussed

(CONTINUED FROM PAGE 23)

result of automobile accidents, notably for those caused by federal, state, county and municipal automobiles, which are not required to be insured. Automobiles used by these subdivisions of government are sometimes operated by employees for their own personal use when off duty. In such cases, if the employee is financially irresponsible, recovery cannot be secured for injuries caused. Accidents involving passengers were eliminated from the provisions of the compulsory automobile law in 1936, due to allegations of collusion between automobile owners and passengers in doubtful accident cases. Mr. Harrington also listed those accidents caused where the automobile is being operated without the consent of the assured, or an adult member of his household, and those caused by the illegal operation of motor vehicles after insurance has been canceled.

Constitutional Objections Interfere

Constitutional objections, he stated, prohibit the extension of a compulsory law to cover accidents occurring other than on highways of the state, and even though the automobile may be insured, those who are injured wholly as a result of their own negligence are not entitled to recover. Thus, he said, the law is not intended to compensate persons regardless of fault.

Mr. Harrington recalled that the operation of the compulsory insurance law was accompanied by a rapid increase in the number of damage cases, many so obviously fraudulent that the Bar Association of Massachusetts spent a year in studying means for eliminating such

practices. As a result a number of lawyers and doctors, convicted of aiding in fictitious claim making, were driven from practice.

The new law likewise, Commissioner Harrington stated, gave rise to the flotation of scores of irresponsible insurance companies, whose failure followed as a matter of course to the grief of honest loss claimants, though to the profit of the promoters. The law in Massachusetts now requires that a mutual company in order to receive a charter must provide a guarantee capital of \$200,000 and have a minimum \$100,000 in paid premiums.

Concerning the assigned risk plan adopted in 1938, he maintained that much can be said in behalf of a voluntary distribution of hazardous risks by the companies themselves, in that the operation of the plan has done much to overcome the former prejudice against carriers.

While asserting that "it would be presumptuous for an official of a neighboring state to attempt to tell the people of New York what they should do with respect to compulsory insurance," Commissioner Harrington said that "in the consideration of any such legislation, it should first be determined how many operators of automobiles cause accidents involving legal liability for personal injuries for which no recovery may be

had." If the number is great, he urged that a compulsory law should be enacted. However, before such an enactment there should be a careful examination of the laws with respect to the financial requirements for the formation of new companies, particularly companies which are permitted to start without capital.

In addition to the assessment liability of mutual companies, he said an adequate guarantee capital should be required in order to provide for the payment of claims. It should be borne in mind, he warned, that the person injured cannot make a selection of a financially responsible automobile driver, or a financially responsible insurance company to compensate him for his injury. Therefore, it is the duty of the state, if compulsory insurance is required, to make certain that the insurance which it compels its citizens to carry is genuine insurance.

N. Y. BROKERS TAKE UP ARMS

NEW YORK—A committee of the Insurance Brokers' Association of New York has addressed chambers of commerce, automobile associations, trucking bodies and all other organizations that would be affected by compulsory auto insurance legislation. It contends that such a law would tend to increase rather than decrease accidents. The issue, the

committee declares, is whether New York should follow Massachusetts or New Hampshire and other states with strict motor vehicle codes, fewer accidents, safer driving, lower costs and greater satisfaction on the part of the public.

The interests addressed are urged to oppose the move for compulsory insurance, and instead to work for strengthening the motor vehicle law.

C. W. Seibels Advanced

Seibels, Bruce & Co., Columbia, S. C., announce that C. W. Seibels is made assistant manager. Heretofore he had been assistant manager of the casualty and surety department which represents Glens Falls Indemnity. In his new position he will be assistant manager of the six direct writing companies and six fire reinsurance companies as well as of the casualty department. He started with the firm in 1924.

Bribe Indictment Against Mannos

BOSTON—Paul Mannos, president of the now defunct Canton Mutual Liability of Boston, whose operations caused a near upheaval in Massachusetts a few years ago, and Mayor Lyons of Cambridge, Mass., have been indicted on charges of conspiracy to solicit and accept bribes. Still further indictments are expected.

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Are Taking a Look Into Coming Year

(CONTINUED FROM PAGE 21)

automobile returns as a whole. However, as days go by the pleasure car situation shows no signs of improvement but on the other hand there is a gradually increasing loss ratio even if it is somewhat small.

Executives anticipate that compulsory automobile insurance bills will be introduced in nearly all legislatures. The public mind is responding to the suggestion that such insurance is needed. Naturally there will be much opposition from many quarters. Superintendent Pink of New York will be remembered as advocating a law in that state modifying the Massachusetts measure. Companies would not be so much opposed to compulsory automobile insurance if the movement could be confined to New York state. However, once New York adopts it then that will be used as an example for other states.

Contract Surety Bonds

Surety writing companies are enjoying a fine increase in premiums due to government contract bonds. There is much reinsurance going the rounds so altogether the companies are faring well in this particular line.

The companies writing accident and health insurance are showing a satisfactory increase and the results as a whole are good. This business where it is handled by an executive, well acquainted with disability underwriting and production, and a company does not consider it a sideline, is proving profitable.

S. D. Pinney Is New Head of Casualty Actuaries

(CONTINUED FROM PAGE 21)

Harold J. Ginsburgh, assistant vice-president American Mutual Liability, and James M. Cahill, actuary Compensation Insurance Board, are the new vice-presidents; Richard Fondiller, Woodward & Fondiller, was reelected secretary; T. O. Carlson, assistant actuary National Bureau of Casualty & Surety Underwriters, librarian and C. W. Hobbs, National Council on Compensation Insurance, editor.

These were named as members of the council: R. P. Goddard, American Mutual Liability; Paul Dorweiler, Aetna Casualty; Charles M. Graham, state insurance fund; John A. Mills, Lumbermen's Mutual Casualty, and A. E. Cleary, actuary Massachusetts department.

The membership now includes 175 fellows and 130 associates, Mr. Fondiller announced.

Excess Coverage

One of the papers was entitled "Excess Coverage" (Per Accident Basis) for Self Insurers Workmen's Compensation—New York. The author was James M. Cahill. In this paper the developments were outlined that had taken place in New York with regard to this form of coverage since 1930. He

referred to the fact that in 1930 the New York department held that all forms of excess compensation coverage for self insurers are construed to be direct insurance and not reinsurance, and therefore, subject to regulation. Moreover, the department held that such excess coverage must be essentially catastrophe coverage and not a form to be used in competing unfairly with full coverage. The compensation insurance rating board prepared a standard policy form for excess coverage on a per accident basis for self insurers that was approved by the department.

On the actual experience incurred during policy years 1928-1937 under excess cover for a single accident, there was a loss ratio of 70.8 on a total premium volume of \$670,097. For board members, the loss ratio was 35.7 and for reinsurance carriers, not members of the board, it was 91.5. Mr. Cahill said that excess coverage on a per accident basis has generally been written at rates lower than the advisory rates calculated by the board in 1930. A proposed new rate structure has been based on a study of the New York experience for policy years 1931-35, combined, for risks written on a statutory coverage basis. It has been possible to determine the proportion of total losses which is in excess of certain selected limits per accident. It was found that the excess losses on single cases account for a greater proportion of the total excess losses than do catastrophes.

Rate Making in New York

It may be that the insurance department will give approval to the application of excess coverage rates on a mandatory instead of on an advisory basis. It is recommended that when a specific filing is made the department give the reinsurance companies an opportunity to review the proposed rate making methods.

Roger A. Johnson, Jr., of the Compensation Insurance Rating Board, gave

a paper on recent developments in New York compensation rate making. He reviewed the important changes in methods which took place in 1940 New York rate revisions. The most important change was in the method of rate level determination. Instead of depending upon the loss ratios produced by the New York semi-annual loss ratio data, the new method was based on the use of a composite policy year of experience reported under the unit statistical plan. This consisted of the policy year from July, 1937 to June, 1938, inclusive, using experience from schedule Z for the last six months of policy year 1937 and the original reports of all available corrections for the first six months of policy year 1938.

The losses, with catastrophe losses and certain general occupational disease losses shown separately, were summarized by kind of injury and then law amendments and development factors were applied.

Another paper was that on "Ex-Medical Coverage—Workmen's Compensation" by Stefan Peters, Compensation Insurance Rating Board.

Continental Office Entertains

About 200 representatives of the New York office of Continental Casualty held a dinner in honor of M. P. Cornelius,

president, and Roy Tuchbreiter, vice-president, who were on an official visit in New York. The New York unit comprises the metropolitan and eastern departments. Besides Mr. Cornelius, others who spoke included Mr. Tuchbreiter, H. G. Brown, resident vice-president in charge of the agency plant in the east, and A. J. Smith, Transportation. F. N. Dull, vice-president Continental Casualty and National Casualty, presided.

State Farm Des Moines Rally

DES MOINES—More than 150 district agents from four midwestern states met in Des Moines with state directors of the State Farm companies of Bloomington, Ill. G. J. Mecherle, founder and chairman of the board, attended the meeting. State directors present were F. J. Brown, St. Paul; W. D. Stegner, Madison, Wis.; John Gronner, Topeka, Kan., and Louis Kelehan, Des Moines.

Defense Contracts Awarded

NEW YORK—Contracts awarded by the National Defense Advisory Commission Oct. 15-31 inclusive approximated \$500,000,000, a large part being for war vessels and airplanes, both of which require contract performance bonds.

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POINTERS FOR LOCAL AGENTS

Extra Expense Uses Described by Snow

HARTFORD—In discussing extra expense insurance before the Hartford Board, Chester A. Snow, secretary Phoenix of Hartford, pointed out that, in determining whether this cover should be recommended, the agent should keep in mind that recovery under an extra expense contract is entirely independent of the assured's earning capacity and that if there is no reduction in income as a result of a fire or other insured hazard, extra expense insurance will provide complete protection. He defined extra expense as the amount by which the total cost of conducting the assured's business during a period of restoration exceeds the total expense that would have been incurred during the same period had there been no damage by fire.

Details of Form

The principal purchasers of extra expense insurance, Mr. Snow said, have been newspaper and magazine publishing plants, ice manufacturing and delivery companies, milk pasteurizing and delivery companies and creameries, laundries and dry cleaners, garbage collection and incinerator companies, oil and gasoline distributing companies, old people's homes, poor houses and orphanages, public schools, electric light and power plants and other public utilities and banks. In each case, he said, the immediate resumption or carrying on of operations is imperative regardless of the expense involved. The prospects are service or contract businesses which must use outside facilities to operate after a fire. These firms feel that they can maintain their normal income if by spending sufficient money they can continue to turn out their products and deliver their goods for service to customers, but if they do not, they will suffer a permanent loss of customers and perhaps have to go out of business.

Four Factors in Buying Insurance Are Analyzed

INDIANAPOLIS—"Insurance Buyers' Viewpoint" was presented before the Indiana Association of Fire Underwriters by S. B. Walker, comptroller and assistant secretary of Wm. H. Block Co., Indianapolis department store.

Mr. Walker covered four salient factors in buying insurance. First, the buyer must decide whether the insurance to be purchased is for protection or investment, group and business life insurance coming under the latter head. Second, he must determine the stability of the companies with which business is to be placed. The insurance buyer will do well in his opinion to use all possible sources to satisfy himself on this point, Mr. Walker said.

Agency Service a Factor

Third, the record for service of the agency desiring to place the business should be known to the buyer so that he may have confidence that his interests will receive proper attention.

Fourth, is net cost. As is the practice in the purchase of anything, the buyer after having decided that two or more offerings of insurance are equally desirable, is entitled to consider the comparative cost. Mr. Walker discussed this phase of the subject frankly. Like many similar stores, the Block Company buys considerable reciprocal insurance but they also purchase stock company insurance from some 10 or 15 local agencies in Indianapolis.

A business meeting will be held in January.

He quoted actual figures from a loss suffered by a small town newspaper.

To ascertain the amount of extra expense insurance needed, Mr. Snow advised his audience to estimate the number of months it would take to restore the building and its contents and to get the assured's estimate of the additional expense he would likely incur during that time. If the maximum allowable percentages are used and the period of restoration is not over one month, the limit of recovery will be 40 percent of the amount of the policy. There is no coinsurance requirement, because it is impossible to establish a satisfactory yardstick against which it could be applied. Most assured have not had a fire or other loss and cannot draw upon past experience to estimate their possible extra expense loss.

There are monthly limits in the form and not more than 40 percent of the amount of the policy can be allocated to the first month or any other month. The amounts for the different months, however, are cumulative. That is, if the assured is compelled to operate under emergency conditions for more than one month, and the amount of extra expense incurred during the first month does not equal 40 percent of the amount of insurance, or whatever percentage of insurance is allocated to the first month, the excess may be applied to the second month, or to any other month. Under average conditions, a four months period of restoration is provided for and percentages of 40 percent, 70 percent, 90 percent and 100

percent are allocated to the respective months. The same term rules applicable to the building apply to extra expense insurance.

Before selling extra expense insurance, Mr. Snow said, it is important to make sure that there are other adequate outside facilities available to the assured so he could carry on in the event of a destructive fire. He also said it is important to sell an adequate amount, as most assured are too optimistic regarding the time to replace and will generally select too short a period of indemnity.

Mr. Snow said that following a recent actual loss on a newspaper plant, the adjuster reported that "the form developed no real complications whatever and functioned easily and most satisfactorily."

Season for Soliciting Sprinkler Leakage Risks

With the cold weather starting, insurance agents recognize the fact that sprinkler leakage insurance can be sold without much difficulty. Where concerns are in the manufacturing business, especially those having to do with national defense, values have risen greatly. The National Board made a tabulation of the most common causes of sprinkler losses. It found that 38.5 percent were due to freezing, both in wet and dry systems. Not only is the owner of a building equipped with automatic sprinklers a good prospect, but a tenant also is an excellent one if his stock is subject to loss through water. While many owners carry sprinkler leakage insurance it is stated that this is not the case so much with tenants.

NEWS OF CASUALTY ASSOCIATIONS

Cleveland Bureau Casualty Managers Form Association

CLEVELAND—At a meeting of bureau casualty managers of Cleveland a new organization, known as the Cleveland Association of Casualty Managers, was formed. Its purpose will be to foster a better understanding of casualty problems and to promote cooperation with each other and with the agents of Cleveland and vicinity. Another purpose will be to fight unorthodox legislation and to look out for the best interests of the business and the insuring public. Headquarters will be at 906 Citizens building.

Officers elected are: John H. Parks, Royal Indemnity, president; C. L. Harris, New Amsterdam Casualty, vice-president; Charles F. Stewart, Massachusetts Bonding, secretary-treasurer. The executive committee will include the above officers and Bernard Sauers, Fidelity & Casualty; Carl H. Kuehn, Fidelity & Deposit; C. L. Krum, Aetna Casualty, and Harold Deland, American Surety.

Stephenson to Speak in Chicago

The Casualty Underwriters Association of Chicago will meet Nov. 27 at the Union League Club at 12:30 p. m.

E. L. Stephenson, Chicago manager Associated Aviation Underwriters, will speak on "Aviation Insurance." Mr. Stephenson's personal interest in aviation and his having had over 1,000 hours in the air, together with many years of experience in casualty insurance, well qualifies him to discuss this subject. Mr. Stephenson will answer any questions.

Discuss Safety Council's Work

LOS ANGELES—The Casualty Insurance Association of Southern California at a meeting here discussed the report of a special committee headed by Hugo Methmann, Fireman's Fund Indemnity, on the work of the Greater Los Angeles Safety Council, and the association's relations to the Casualty

Surety Fieldman's Association. The safety council proposal was referred back to committee for further study and report. Members were pleased with the work being done by the fieldmen's organization, and it was the consensus the casualty association should give greater support to the special agents. President G. S. McIntosh was authorized to communicate this sentiment to the field men, and it was decided to arrange a joint meeting in the near future to foster greater cooperation.

Calif. Medical Reports Discussed

LOS ANGELES—The industrial accident commission's rule relating to medical reports on compensation, which has been a matter of difference between the board and the insurance carriers, was discussed at a meeting of the Casualty Insurance Adjusters Association. Chairman Richard Oliver of the compensation committee reported that adjusters in the northern part of the state had been asked to withhold their petitions to the board until after the Los Angeles association had decided what course was best to adopt.

Attorney B. F. McConnell told of visiting San Francisco in an effort to arrive at some conclusion in the matter, only to find that the San Francisco men had filed petitions, and that the board had issued a new rule relative to non-litigated cases, rescinding the old rule. It was suggested that the reports be rendered on regular forms provided by the board.

Dr. Blaine, x-ray expert, told of the value of x-rays in accident cases. At times it is not absolutely certain that the film gives a true picture of the injury or disease. There is a limitation to accuracy in some cases due to the tendency of the x-ray to distort the picture. Fractures at the base of the skull are hard to demonstrate because of the numerous bones.

J. P. McHale volunteered to maintain a card index of adjusters and to conduct an employment service in connection therewith.

SURETY

Woodmansee Is Made Surety Manager Century Indemnity; Sadler Appointed Assistant

J. J. Woodmansee, now assistant manager Chicago branch Fidelity & Deposit, has been appointed superintendent surety department western department Century Indemnity, Chicago. He replaces J. J. Reynolds, resigned. As the assistant superintendent of the surety department, a new position being created by Century Indemnity, W. A. Sadler has been promoted from the position of special agent in the Cook County department of the company.

Mr. Woodmansee has been with the Chicago branch of Fidelity & Deposit as special agent and later assistant manager since 1922. This has been his only insurance connection. He attended Westminster College in Missouri for 2½ years and graduated from the Northwestern School of Commerce. Under the able guidance of W. H. Hansmann, vice-president Fidelity & Deposit, he has gained a wide and valuable background as he has handled all branches of suretyship.

Mr. Sadler started in the insurance business in 1924 in the surety end and joined Century Indemnity in 1930. For a time in the past few years he branched away from suretyship and was in the Cook County department of the company handling general lines.

Cleveland Officers Reelected

CLEVELAND, O.—Harry S. Frank, Aetna Casualty, was reelected president of the Surety Association of Cleveland at the annual meeting for his fourth consecutive term. He also served some years ago. All other officers were reelected: Carl H. Kuhn, American Bonding, vice-president; J. E. Hanon, Evarts-Tremaine-Flicker Co., secretary-treasurer. H. F. DeLand, American Surety, was elected to the executive committee in place of G. A. Hurlbutt, who no longer is in Cleveland. G. M. DeMarinis, Fidelity & Casualty, was reelected to that committee.

Award New Cal. Army Contract

LOS ANGELES—Ford J. Twait Co. and the Morrison-Knudsen company, who jointly were awarded a contract in excess of \$2,300,000 for housing facilities at Fort Ord, Cal., late in October, have been awarded an additional contract for \$6,000,000 at the same post. The Pacific Indemnity and Fidelity & Deposit have executed the bond for the new contract.

Portland Association to Elect

The Surety Association of Portland, Ore., will hold its next meeting Nov. 28, at which new officers will be elected.

Traffic Conference in Illinois

Traffic engineering as a vital factor in national defense will occupy an important place in the discussions at the four day Illinois Traffic Engineering Conference, to be held Nov. 26-29 at Champaign-Urbana, according to H. F. Hammond, traffic division director of the National Conservation Bureau of New York. "This will be the first state-wide conference of its kind ever held in this country," Mr. Hammond stated. "For this reason it will be watched with the closest interest by traffic authorities and safety organizations throughout the country. Satisfactory attendance and results at the Illinois conference will almost certainly mean that similar conferences will be held within the near future in many states. Authorities in a number of states already have communicated with the National Conservation Bureau regarding assistance in organizing such conferences."

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INSURANCE NEWS BY SECTIONS

MIDDLE WESTERN STATES

National Board Short Rate Table Adopted in Iowa

DES MOINES, IA.—A new short rate table, identical with that of the National Board, has been put in force in Iowa, retroactive to Nov. 1. It supercedes all other tables in the state, except the special hail insurance short rate table. It is more favorable to the assured than the old Iowa table, which had been used for more than 20 years, but only in this state. Commissioner Fischer promised a change at the recent convention of the Iowa Association of Insurance Agents.

There are very few changes in the table for one-year policies, but on two to five-year policies the company's retention is reduced as much as 20 percent in some cases. On the average the retention on term policies is reduced about 15 percent. For example, under the old table, the company retained 60 percent at 24 months on a five-year policy, but under the new table only 44 percent.

Procedure on Term Policies

On term policies cancelled during the first year, the earned premium is determined from the short rate table for one year. For term policies in force more than one year, fractions of a month not exceeding 15 days are disregarded and fractions exceeding 15 days are counted as a full month.

As a result of this change, first year cancellations on term policies will give the assured a greater return premium. Under the old Iowa table, a two-year policy cancelled at six months called for a return of 50 percent of the term premium while under the new table only 70 percent of the annual premium is retained, or 40 percent of the two-year premium. The retention of 70 percent of the annual premium at this interval applies to all term policies up to five years, whereas before there was a different retention on each yearly table.

Another important change is that the longer term tables show intervals for each month, while the old table had longer intervals. For example, the former five-year table started at five months, jumped from five to 10 months, 10 to 15, 15 to 20, etc.

Irregular term policies, whether written for more or less than one year, are cancelled during the first year, according to the short rate table for annual policies, by applying the percentage shown in the one-year table to the annual premium. Where an irregular policy is cancelled after more than one year the short rate premium is determined in the same manner by applying the short rate table of the next longer term.

West Still Not Uniform

Iowa is the first state in W.U.A. territory to adopt the National Board table. The so-called Western Union table is in force in most middle western states except Wisconsin, which has a special table. The Western Union table shows percentages for cancellation during the first year of a term policy, but the net result is usually the same as under the National Board table. The differences are in cancelling one-year policies, the Western Union table showing a retention percentage for every day of the year. There is a difference of 1 percent at some of the intervals common to both tables.

The only difference between the table

published in Iowa and the full National Board table is that the Iowa table shows retention percentages only for two-year policies written at 1 3/4 annual premiums, three-year policies at 2 1/2 annuals, four-year policies at 3 1/4 annuals and five-year policies at four annuals. Term policies at other premium reductions treated in the National Board table are not written in Iowa.

Missouri License Bill Parley Nov. 26

JEFFERSON CITY, MO.—On Nov. 26, 10 a. m., the Missouri insurance department will conduct a hearing on the proposed agents' licensing bill, which is to be submitted to the Missouri legislature next year. The hearing is expected to develop complete agreement on the principles to be embodied in the bill.

A committee of the Missouri Association of Insurance Agents has been working on the proposed law for months, and in successive drafts, drawn after many conferences, believes it has produced a document agreeable in fundamentals to all interests.

J. J. O'Toole and Boyle Rodas of St. Louis; M. T. Jones and W. J. Welsh of Kansas City; B. U. Sparlin of Springfield, president of the Missouri association, and Paul Terry, manager, Missouri Inspection Bureau, are expected to attend the hearing. C. J. Harvey, assistant counsel for the department, will conduct the hearing.

Department Drafts Measure

The Missouri department, at the request of the Missouri Association of Insurance Agents, has drawn its own bill embodying what it regards as essentials, and the Nov. 26 meeting is expected to bring the association's and the department's bills into agreement on details. The department's bill contains certain elaborations on the association's draft to include fraternal and, for the first time, agents representing reciprocals.

At the request of the Missouri association, the National Board has asked E. M. Griggs, Chicago, member of the board's committee on laws, to consult with and cooperate with the Missouri association in the matter of the agents' licensing law. It is planned that after the meeting in Jefferson City, the Missouri legislative committee will meet with Griggs in Chicago. The legislative committee, which will be responsible for guiding the proposed legislation, is composed of Mr. Welsh, chairman, Mr. Rodas and Mr. Jones.

Plan 26 Educational Meets in Michigan

DETROIT—Plans for a series of 26 vigorous educational meetings for agents were made at a dinner meeting of the joint Business Development and educational committee, with Chairman L. I. McKay, Northern of England, presiding. The joint committee represents the Michigan and Detroit Associations of Insurance Agents, Michigan Fire Underwriters Association, Casualty & Surety Executives Association and the Surety Association of Michigan.

More than 1,000 agents attended the series of 34 such meetings held during the 1939-40 season, Mr. McKay said. Although no meeting was held in Detroit last year, present plans call for a gathering here with others in Grand Rapids, Lansing, Flint, Saginaw,

Owosso and many smaller cities and towns. A committee consisting of Elmer Salzman, secretary-manager Detroit Board; C. C. Ippenlatz, Crum & Forster; A. J. Knaak, Connecticut Fire, and two agents to be named by President D. T. Marantette of the Detroit Board, was appointed to handle the arrangements for the Detroit meeting.

Dress Rehearsal in Flint

The dress rehearsal meeting will be held in Flint to test out the new program ideas advanced by the joint committee. It was felt that an attempt should be made to secure the services of successful agents to outline their sales methods at the meetings in addition to the regularly scheduled talks on fire, casualty and surety lines. Discussion from the floor will be encouraged.

It was suggested that meetings be varied because of differing sectional problems. Local boards will be contacted in determining the type of material to be used in each locality. It was agreed that the educational material should be of a more advanced nature than heretofore.

Circuit Court of Appeals Reverses Decision Given in Suit Against Fireman's Fund

CINCINNATI—Stating that the matter should have been one for jury determination, the U. S. circuit court of appeals reversed and remanded a decision of District Judge Druffel who directed a jury to return a verdict for the company in a suit for \$108,571 filed against the Fireman's Fund under a \$290,000 fire policy, an aftermath of the Ohio river flood and fire in 1937.

The Princess Garment Co., Fashion Frocks, Inc., and Harford Frocks, Inc., filed suit against the Fireman's Fund after the company denied liability for damages caused by high water after a fire broke out in nearby property. While employees were removing stock from the path of the rising water, Cincinnati police and firemen ordered them to leave the building, the flood waters subsequently damaging the goods.

Judge Druffel held that the damage "was a remote consequence of the fire, not necessarily arising from it," and that the flood waters had caused the direct loss. The appellate court held: "We are of the opinion that there is substantial evidence in the record that the proximate cause of the loss was the fire in question." In remanding the matter, it averred that the "question of the proximate cause of their loss was for the jury to determine."

H. S. Evans Named as New President by Iowa Mutuals

DES MOINES—Harold S. Evans, president Allied Mutual Casualty, Des Moines, was elected president of the Iowa Association of Mutual Insurance Associations at the annual meeting here. He succeeds L. E. Hendricks, Spirit Lake, who was elected national delegate. D. D. Paxson, Algona, was elected vice-president and H. L. Gross, Des Moines, was reelected secretary-treasurer. Directors are O. O. Owens, Traer; F. L. McDermott, Moline; E. A. Larson, Red Oak; J. E. Berry, Mediapolis, and A. O. McDowell, Grinnell.

Mrs. William Linnevold, Decorah, was elected president of the ladies auxiliary; Mrs. L. L. Stoner, North Liberty, vice-president, and Mrs. Merle Morgan, Des Moines, secretary-treasurer.

Thirteen state and 75 county mutuals were represented, with attendance more than 500, despite a severe storm. The association approved a resolution asking the legislature for a law permitting a county tax on property outside incorporated cities and towns to raise funds

for purchase of fire fighting equipments by one or more townships.

State Fire Marshal Strohm advocated legislation to establish a state building code governing construction outside cities and towns having their own codes; provide protection to farm owners and tenants against inferior and improper installation of electric wiring; regulate storage of gasoline and location of dry cleaning plants outside corporate limits of cities and towns; regulate trucks engaged in hauling compressed gas on highways, and give the fire marshal's office more authority in enforcing removal of fire hazards.

H. P. Cooper, Indianapolis, secretary National Association of Mutual Insurance Companies, gave some figures on the growth of mutual companies in Iowa. Prof. Henry Giese, Iowa State College, said the mutual men should seek as their objective improved service rather than an increase in either volume or coverage.

Liability of the farmer for accidents to hired help was discussed by Reed Fowler, Des Moines attorney. He pointed out that under Iowa laws farmers can not be held liable for injuries to employees engaged in normal farming activities, but warned that when farmers engage in outside activities they are responsible for accidents to employees and should have liability insurance.

New Michigan Questionnaire on Part-Time Appointments

LANSING, MICH.—The Michigan department is launching a comprehensive survey of the situation as regards part-time agents and solicitors. Questionnaires are being sent to all companies, with these inquiries:

1. Does your company maintain any requirements whereby branch office, state or special agents must appoint any given number of representatives in Michigan during a given period?
2. Does your company have any requirement as to the amount of business that shall be produced by any agent in order to continue to qualify as a representative?
3. What prerequisites are required of an individual before his appointment by your company as a local agent?
4. Are licenses requested from the department prior to completion of your company's investigation of an applicant and before the agency contract is signed?
5. Are all agents of your company under a written contract?
6. Are all licensed agents authorized by contract terms to appoint solicitors?
7. Is an applicant for a license to represent your company given supplies prior to the time his license is issued?
8. Does your company accept business on a brokerage basis from agents not licensed, through the facilities of the home office or branch office?
9. Does your company hold unlicensed producers in a suspense file pending actual licensing of the individuals as agents of the company?
10. What assistance does your company give first-time applicants to enable them to prepare for entering the insurance business?
11. Under what circumstances will your company appoint part-time applicants?
12. Does your company impose any limit as to the time that an agent may continue in business on a part-time basis?

Minn. Committees Named; Consider Night School Plan

MINNEAPOLIS — Chairmen of standing committees of the Minnesota Association of Insurance Agents have been announced as follows: Finance, L. E. Hatlestad, Minneapolis; qualification law, C. O. Brown, Rochester; regional activities, Howard Williams, Mankato; local board activities, Merrill Rolfson, Austin; membership, Bradford Strom, Jackson; insurance buyers-conventions,

George Teeson, Alexandria; insurance buyers-forums, R. A. Thompson, Minneapolis; fire and accident prevention, Harry Reynolds, Duluth; conference, L. D. Engberg, St. Paul; institute, P. H. Ware, Minneapolis; legislative, Armand Harris, St. Paul; rural agents, Guy Rolien, Milaca; public insurance, G. W. Nelson, Minneapolis.

The possibility of conducting night schools for agents at various key points in Minnesota is under consideration by the Minnesota association. At a recent meeting here of officials and district chairmen, the subject was discussed by P. H. Ware, manager Minneapolis Underwriters Association, who for several years has conducted night courses at the University of Minnesota, attended by insurance men in and around the Twin Cities. A year ago the Duluth association conducted a night course that proved quite popular and will be repeated this coming winter.

These courses, however, do not reach the agents in the smaller cities and there is a feeling that many of these agents would patronize such a course if it were offered.

Stoner, Indiana President, Names His Cabinet

President Simpson M. Stoner of the Indiana Association of Insurance Agents has now completed appointment of regional vice-presidents and members of the various committees. A new committee, that on local boards, has been created with Arnold G. Allen of Muncie as chairman. The committee will undertake to strengthen existing boards and to create new boards where possible. Three of the committees are headed by new chairmen. S. C. Sayers of Greencastle heads the fire and accident prevention; Ralph G. Hastings, Washington, insurance school, and Walter Lupke, Fort Wayne, membership. The chairmen who were reappointed are Edward McLaren, Indianapolis, marine; J. W. Kirkpatrick, Muncie, grievance; Howard Bradshaw, Delphi, rural agents; A. W. Jenkins, Richmond, casualty.

The regional vice-presidents are: Erland F. Andren, Gary; Dan Gibson, Plymouth; George W. Fishing, Ft. Wayne; Everett Derrick, Frankfort; Forrest Hill, Anderson; Will R. McKown, New Castle; Glenn May, Spencer; R. Michael Fox, Indianapolis; William E. Hertel, Columbus; T. Errol Theriac, Vincennes; Harry L. Weber, New Albany; Wayne Seitz, Lawrenceburg.

Grand Rapids Board Plans for Educational Course

The educational committee of the Grand Rapids, Mich., Association of Insurance Agents has completed arrangements for a 15 weeks insurance educational course to be held at the Morton Hotel, Monday evenings at 7 o'clock. The first meeting was held Nov. 18. The course will continue through to March 10. L. J. McVoy is chairman of the education committee. The fire class instructors are Robert Foster, Michigan F. & M.; George Kelly, Travelers Fire, and the casualty, Arthur Zoet, St. Paul-Mercury Indemnity, and James Burr, Hartford Accident & Indemnity.

Storm Disrupts Minn. Offices

ST. PAUL—Insurance workers of Minnesota are back to normal after having their routine badly upset by the worst early winter storm ever experienced in this region.

In the Twin Cities, hundreds of insurance men and women were unable to reach their offices. Out of nearly 600 home office employees of the St. Paul Fire & Marine, less than 100 were able to get to the office Nov. 12. At the home office of the Minnesota Mutual Life, about 40 out of 200 reported for work and it was decided to close the office at noon. Clerical help in local agencies was lacking for 24 hours in many cases. Salesmen and solicitors practically abandoned

efforts to get around, so complete was the tieup in the cities.

Glen Morton, partner in the American Insurance Agency, St. Paul, was among the duck hunters caught in the storm and though stranded in the country several days he was not injured. Several insurance organization meetings had to be postponed, including those of the St. Paul Association of Insurance Women and the Home Office Life Club of the Twin Cities.

Smrha to Recommend Measures

LINCOLN, NEB.—Insurance Director Smrha will have several recommendations as to needed legislation that he will pass on to the legislature, now that political conditions and the foreshadowed change in his office have presented a situation where this can be done without seeming to be an interference by the executive department with the legislative department. In the past the department has contented itself with the role of supplying members who asked with information and opinion, and several of the bills that secured legislative committee approval but were lost in the rush of adjournment in 1939 represented department recommendations. As to the suggestion that has appeared in the insurance press that it may take amendatory legislation with respect to writing war risks in the state, Mr. Smrha says that approval has been given numerous riders submitted within the past year without any questioning, and these are apparently deemed by most companies to adequately safeguard war risks.

Wichita Insurers Changes Name

WICHITA—"The Wichita Association of Insurance Agents" is now the official name of the Wichita local board, for many years known as the Wichita Insurers. The change was made by unanimous vote, to conform with recommendations of the National association, on recommendation of the board's by-laws committee, headed by C. K. Foote, past president. It is understood that Wichita is the first board to take such action since the resolution of the National association.

The annual Christmas party will be held Dec. 19, with A. E. Smoll as general chairman.

Ralph Hinman, head of the Better Business Bureau of the Wichita chamber of commerce, described the functions of the bureau and its 67 affiliated bureaus over the nation. As editor of "Wichita Magazine," official publication of the chamber, he received most favorable attention from his special insurance issue early this year preceding the visit of Ray Murphy, who addressed a membership meeting of the chamber sponsored by the Wichita Board.

Miss Earls Is Honored

Miss Carolyn G. Earls of Covington, Ky., who has represented Fidelity-Phenix Fire for 25 years, was the guest of honor at a luncheon in Cincinnati. C. J. Lingenfelder, assistant secretary of Fidelity-Phenix, presented Miss Earls with a gold wrist watch.

Miss Earls is a sister of W. A. Earls, prominent Cincinnati local agent, and an aunt of Thomas and John Earls, who are associated with their father in the Earls-Blain agency.

Emery Attacks Part-Timers

BAY CITY, MICH.—Commissioner Emery of Michigan lashed out at part-timers at a joint meeting here sponsored by the Bay City Association of Insurance Agents and the Bay City Association of Life Underwriters.

"It's the part-time agent," he said, "who takes the bread and butter from the mouths of you who work hard for the business." He defended the department's recent policy of placing restrictions on the continued licensing of part-timers through requiring them to file affidavits of their regular employers' consent that they use telephone, office space and as much time during working

hours as needed to service their insurance sidelines.

The commissioner referred jokingly several times to the probability of his early replacement when Governor-elect VanWagoner takes office. The commissioner said he had been an agent for a good many years and "there is every reason to believe that I will be one again before very long."

He was introduced by Lyle M. Clift, a member of both groups.

Western Mutual Conference

DES MOINES—About 500 agents of the Western Mutual Fire and their wives are gathered here for the annual fall convention. Tom Collins, Kansas City "Journal," spoke at the annual banquet. Harry Reed, Waterloo attorney, will speak at the Thursday luncheon. Other convention speakers are Don Tripp and Joe Chapman, Mutual Reinsurance Bureau, of Belvidere, Ill.

Call Detroit Meeting for Nov. 26

DETROIT—A general meeting of the Detroit Association of Insurance Agents will be held on Nov. 26, it was decided at a board meeting. Approval was given the report of the budget and finance committee, setting up the financial program for the administrative year.

Peterson Is Insurance Chairman

MINNEAPOLIS—The League of Minnesota Municipalities has named R. F. Peterson, safety commissioner of Duluth, chairman of its insurance committee, and W. L. Bundy, fire chief at Alexandria, as chairman of the fire school committee. Sanford Herberg, Underwriters Inspection Bureau, Minneapolis, and Leonard Lund, deputy state fire marshal, are ex-officio members of the latter committee.

Rules on Fire Protection Contracts

ST. PAUL—Attorney-general Burnquist of Minnesota has ruled that in contracting for fire protection from a municipality a town is authorized to spend any amount for that service within the limits of the town's tax levy for that purpose. He also has ruled that drivers of fire trucks must take out a chauffeur's license.

Missouri Committees Named

Committees of the Missouri Association of Insurance Agents for the new year have been appointed by Basil U. Sparlin, Springfield, president. Chairmen are:

Accident prevention, C. R. Cloon, Kansas City; grievance (formerly conference), George Oppenheimer, Kansas City; executive, Mr. Sparlin; finance, J. J. O'Toole, St. Louis; fire prevention, F. V. Griffith, Kansas City; special grievance, Reynolds Barnum, Kansas City; membership, J. H. Ashton, Kansas City; publicity and education, Arthur Felker, St. Louis; and rural agents, W. E. Walker, Cape Girardeau.

Joint Regional Meet at Rochester

ROCHESTER, MINN.—Local agents and field men from all over southern Minnesota gathered here for the annual open house session sponsored jointly by the Southern and Southeastern Minnesota Agents Regional Associations. There was a dinner at 6 p. m., followed by a speaking program.

See End of Attic Fires

CINCINNATI—L. G. Schraffenberger, fire marshal, bureau of fire prevention, reports that with the apprehension of W. J. Lyon, 33, the wave of attic fires in tenement buildings in the downtown area is at an end. Lyon pleaded guilty to the charge and was sentenced from two to 20 years.

Insurance Advisory Council Call

As the Illinois legislature convenes on Jan. 8, the Insurance Federation of Illinois has sent out a call to 17 member

organizations and committees asking that they return the names of delegate and alternate for the coming year for the Insurance Advisory Council. It is anticipated that the reorganization meeting of the council will be held early in December.

Set Minn. Mid-year Date

MINNEAPOLIS—The date for the mid-year meeting of the Minnesota Association of Insurance Agents has been tentatively set for March 5-6 in St. Paul. No program details have yet been arranged.

Jones Heads Nominating Group

KANSAS CITY—Fred V. Griffith, president Kansas City Insurance Agents Association, has appointed a nominating committee to report at the Dec. 17 meeting. Cliff C. Jones is chairman.

The association is moving Dec. 1 to new quarters in the Insurance Exchange. The new offices will include a library.

Dyer Discusses Comprehensive

KANSAS CITY—Members of the Insured Buyers Conference of the Associated Industries heard George Dyer, assistant secretary Central Surety, discuss the standard automobile comprehensive fire and theft policy at its luncheon here.

Will Plan Kansas Activities

TOPEKA—The executive committee of the Kansas Association of Insurance Agents headed by Edwin Nellis, Topeka, will meet here early in December to complete committee appointments and approve activities for the year, including plans for the second insurance school, the proposed series of zone B. D. O. meetings, with possible division into smaller areas; membership expansion, including proposed organization of county and inter-county boards as proposed by Victor G. Henry, vice-president and membership chairman, at the Hutchinson annual meeting in October. President Laurin Jones of Dodge City, who attended the mid-year meeting of the Oklahoma association at Tulsa, will report on activities in that state.

Tolfson Elected President

WISCONSIN DELLS, WIS.—Henry Tolfson, Wisconsin Dellis, was elected president of the Columbia County Insurance Association to succeed A. G. Gibbs, Columbus. Other new officers named at the annual dinner meeting here were Otto Miller, Rio, vice-president, and L. A. Russell, Wisconsin Dellis, secretary-treasurer. The December meeting will be held in Rio.

Hold Kansas Zone 4 Meeting

Zone 4 of the Kansas Association of Insurance Agents held a Business Development meeting at Parsons under the direction of Ray T. Priest, L. & L. & G., zone chairman for the Kansas Fire Underwriters Association committee. It was well attended by agents and field men. A new series of meetings is to be launched for all zones shortly after the first of the year.

Ohio Farmers Honors Veterans

At a series of dinners held in Toledo, Columbus, Cincinnati and Cleveland, Ohio Farmers honored 36 Ohio agents and company men who had represented the company for more than 25 years. Replicas of the company's trademark, "The Old Man on the Fence," were presented to each one.

Revise Kansas Grain Form

The Kansas Inspection Bureau has filed an amendment to the rules for premium adjustment coverage on grain risks effective Nov. 20, permitting use of one of two methods in filing weekly statements. Option "A" permits filing of average daily values for the preceding week at the close of a specified day while option "B" provides for filing of values on hand at the close of business

on Wednesday of each week. A few revisions of the Kansas automobile manual were also filed, including a complete new symbol and identification section covering new car models.

Coffin and Lowe Are Called

Ralph Coffin of the Long-Coffin Agency and Denzil Lowe of the Wade Patton agency, both of Hutchinson, Kan., will soon join their national guard units for a year's encampment, Mr. Lowe being a first lieutenant in Battery C, and Mr. Coffin second lieutenant in Company A, both of the 130th Field Artillery. James Casey of the Bert Mitchner Agency has resigned his commission as second lieutenant in Battery C, as he is solely responsible for managing the Mitchner agency while Mr. Mitchner is in Topeka serving as director of revenue and taxation.

Illinois Mutuals Elect

H. F. Hofferkamp of Mattoon, Ill., is the new president of the Illinois Association of Mutual Insurance Companies, which met in Springfield last week. D. A. Tripp of Belvidere is the former president. R. O. Goodwin of Oblong is named vice-president. New directors elected are B. C. Vine, Alton; H. L. Kennicott, Chicago; E. E. McCoy, Muncie; R. W. Brooks, Stronghurst; H. E. Parker, Manteno; C. M. Gordon, Effingham; W. J. Carlin, Bowen; J. B. McCarthy, Belvidere, and William Arnold, Tivoli.

Mrs. Stover Joins Agency

Mrs. Florence Stover, widow of the late Duane T. Stover, former president of both the Wichita and Kansas Associations of Insurance Agents and Kansas national councillor, is now associated with the Harris, Burns & Co., agency in which Mr. Stover was a partner prior to his sudden death early this fall. Prior to her marriage Mrs. Stover had been connected with the insurance department of Wheeler, Kelly, Hagney.

NEWS BRIEFS

David Arundel, who has been head of the Royal Insurance Agency, Minneapolis, now dissolved, has joined the Dolif Insurance Agency.

Gleason Allen, Minneapolis, manager of the Mills Mutuals, has been elected president of the Minneapolis Golf club.

The Detroit Insurance Women's League dinner featured a style show and an address by Edythe F. Melrose, manager radio station WMBC, on "Personality Your Greatest Asset."

A. R. King of the Will S. Thompson-Kline agency, Hutchinson, was elected county superintendent of Reno county, Kan. He has had 28 years school experience.

Amos Thomas, former insurance company executive and now attorney for several insurance companies at Omaha, has been elected a third time to membership in the Nebraska legislature. As a floor leader in past sessions he is in line for speaker, but he has declined to have his name mentioned in connection with that honor.

E. A. Karrer, formerly with the Washington National in Detroit, has joined his brother, E. S. Karrer, treasurer of the Detroit Association of Insurance Agents in his agency.

The Des Moines Insurance Women's Association entertained the "bosses" with a dinner Monday night. H. S. Miller, newspaper columnist, who recently returned from Washington, D. C., spoke.

Fred W. Little, Wichita, Kan., local agent, is celebrating the arrival of his first grandson, born to his daughter, Mrs. Jack Ryan of Wichita.

Maj. Anna Peterson of the Salvation Army addressed the Insurance Women of Wichita on the work of the Salvation Army rescue home in Wichita.

E. W. Stephan has resigned as manager of the W. E. Main agency, Madison, Wis., and opened his own agency at 124 East Washington street.

Dallas Officers Are All Reelected

DALLAS—President Fred Mallinson, Charles R. Tucker and Fred S. Jernigan, vice-presidents, W. R. Moore, secretary-treasurer and Manager Alfonso Johnson, were reelected by the Dallas Insurance Agents Association at its annual meeting and tenth anniversary party. More than 200 local agents and company men attended. Guests included President Ben Calhoun and Secretary D. G. Foreman of the Texas Association of Insurance Agents, R. B. Cousins, Jr., Austin, and presidents of several other local exchanges.

In his annual report, President Mallinson deplored the appointment of local agents that "are unprofitable to the companies, inimical to the bona fide agencies, and of no service to the public." Manager Alfonso Johnson criticized the appointment of agents to write insurance they control through ownership, mortgage or sale. "I would not represent a company whose special agent licenses those who have nothing else to do and who tells them they can make a lot of money in the local agency business when he (the special agent) knows that the only business they will ever write is their grandmother's and their second cousin's," he declared.

Over 500 Members

President Mallinson reported 105 firm members in the association with an average of five agents and solicitors per member, making a total of more than 500. He also reported that the Dallas board's placement committee now handles the insurance business of the city of Dallas, county of Dallas, the city-county hospital system, the park board and part

of the insurance of the new government building project in Dallas. The commissions on this insurance are divided equally among all members regardless of amount of dues paid.

In addition to the reelected officers, the following directors will be on the new board: C. T. Smith, Kenneth Mahoney, John Barr, B. F. Harris, D. H. Houseman, J. R. Smith, T. P. Ellis and T. A. Blakeley.

Louisville Board's Classes Have Record Attendance

LOUISVILLE—Attendance at the fall classes of the insurance school sponsored by the Louisville Board has been running from 115 to 140. It was so much higher than in previous years that the board rooms could not accommodate the classes. The school will wind up shortly before Christmas.

W. Culver Vaughan, board president, said the course was undertaken on account of a very active demand from agents, solicitors and employees for an opportunity to become more familiar with stock fire insurance problems.

Speakers so far have included J. V. Bowman, Fire Association, on "Meeting Competition Through Education and Cooperation;" W. W. Smith, L. & L. & G., "Know Your Competition;" J. L. Thompson, Kentucky Actuarial Bureau, "Fire Rate Analysis," and W. E. Kingsley, Travelers Fire, "Common Errors of Fire Coverage." Others listed are G. G. Gibson, London & Lancashire, "Automobile Fire, Theft, Comprehensive and Collision;" Gordon Kellner, Aetna Casualty, "Automobile Liability;" J. W. Bethel, Fireman's Fund, "Personal Property Floater," and E. B. Hatch, Jr., America Fore, "Coinsurance and Extended Coverage." The Louisville Salv-

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The course is in charge of the public relations committee, headed by A. G. Harrison, C. D. Harris & Sons, as chairman.

Seek to Improve Dallas Situation

DALLAS—The Fire insurance department and city officials are making a survey to determine the needs for additional fire stations and equipment as a part of the long range program to cut losses in Dallas.

The city had announced something must be done to keep abreast the growth of the town and to reduce fire losses which last year were more than \$1,000,000. It is said the survey will have nothing to do with the key rate, but it is hoped that it will result in aiding the city to avoid insurance rate increases.

It was said there is a possibility that three new fire stations will be built and a considerable amount of new equipment purchased. The building code will also be studied before the survey is over with a view of providing closer inspections and better constructions.

Rate Reduction in Mississippi

JACKSON, MICH.—The state insurance commission, through Commissioner Williams, has announced a reduction in fire rates amounting to \$230,000 annually. The changes are principally upon risks under protection of the better-grade fire departments, such as dwellings, mercantile risks, lumber yards, public buildings (excluding schools, waterworks, power plants) and sprinklered cotton risks. This is the third rate reduction in less than two and one-half years.

Sun Long Represented

SHREVEPORT, LA.—The Hardy Insurance Agency of this city has the unique distinction of having represented the Sun continuously for 57 years. In recognition of the fact Elliott Middleton, secretary, presented Mr. and Mrs. C. M. Hardy an artistic "housemark souvenir," expressing at the same time the high appreciation of the management for the long association with the agency. Alvin Sheperd, general agent, New Orleans, also attended the dinner.

Commissioner at Farm Bureau

NASHVILLE—At the annual meeting of the Tennessee Farm Bureau Federation, which is sponsoring the organization of county fire mutuals, Commissioner McCormack spoke. The Madison County Farm Bureau Federation (Jackson) is said to be planning the immediate organization of a county mutual. The state federation claims credit for the formation of the Sumner County Fire Mutual a few months ago. Tennessee now has 29 county fire mutuals chartered by the state department.

New Board at Lynchburg, Va.

LYNCHBURG, VA.—The Capital Stock Insurance Exchange has been organized here with Fred M. Davis as president, W. F. Murphy, vice-president; A. S. Patterson, secretary-treasurer; R. A. Dirom and K. D. Scott, executive committeemen. Lynchburg has been without a local board for a number of years.

NEWS BRIEFS

H. G. Channell, Franklin, Tenn, agent, is recovering at the St. Thomas Hospital, Nashville, from an operation for appendicitis.

J. R. Weavers, Knoxville, Tenn., agent, has been elected chairman of the second congressional district Republican executive committee.

J. M. Stewart, office manager of Trotter, Boyd & Keese, Chattanooga, and Miss Florence Marshall were married.

The Metropolitan Lloyds of Dallas is now writing business. Its assets are \$65,653. B. H. Atchison is attorney-in-fact.

PACIFIC COAST AND MOUNTAIN

Rapid Progress Made in California Legislative Parleys

SAN FRANCISCO—Such rapid progress has been made in the legislative conferences being conducted by Commissioner Caminetti that he has postponed the date of the scheduled next general conference until Dec. 17. He believes that the task can be completed with just two sessions more.

At a conference of fire and marine representatives a few proposed bills were approved and others referred back to special sub-committees for further study and suggested changes.

One of the proposals sent to such a committee aims to change one section of the insurance code regarding reinsurance obligations. At present the section conflicts with the annual statement basis.

Approve Surplus, Reserve Bill

The group approved amendments to several sections of the code regarding guarantee, surplus and special reserve funds of fire insurers to clarify provisions for payment of dividends and accumulation of special funds.

A casualty bill to provide that if cash is furnished in lieu of the workmen's compensation reserve surety bond, the minimum shall be \$25,000 and to give the commissioner the power to require deposits in excess of reserves similar to that he now has with respect to surety bonds, was approved in principle but sent to a special committee to be rephrased.

Consider County Mutual Provisions

The fire and marine group also approved in principle a bill affecting county mutuals to limit explosion coverage which may be offered county mutuals by excluding non-fire damage from certain explosions of boilers, machinery and electrical apparatus.

Another county mutual bill which would permit such companies to write business in addition to fire, where such county mutual is qualified for such coverages, for another county mutual not so qualified, probably will not be presented to the legislature. Two other measures regarding directors of county mutuals were disapproved.

A proposal, which has appeared at the California legislature before, and which would permit a county mutual to insure property anywhere in California rather than in the county of formation and adjoining counties, has been withdrawn from the conference.

License Bills Considered

The group of representatives considering a long list of proposed bills governing agents, brokers and solicitors and the anti-rebate and discrimination sections of the California code spent two days pondering some 25 proposals.

This group approved in principle a bill which will prohibit licensing of an association or non-profit corporation unless all members possess individual licenses to transact insurance, with the suggestion that motor clubs be exempt from this provision.

Bills sent to special sub committees for further consideration are: to amend one section of the code to embody the division of insurance's interpretation that the section does not preclude licensing a company officer or employee residing in another state as a non-resident broker for writing California business, to permit clerical employees of an agent or broker to quote rates, etc., without a license; to add a new article to the code to provide for issuance of restricted licenses by the commissioner upon such examination as he may find necessary for, but not restricted to, counter signature clerks, clerical help, travel ticket agents, probationers, etc.; to amend a section to remove the exemption from licensing pro-

visions of persons selling merchandise where insurance is included in the purchase price, and to eliminate prohibition of countersignature and solicitation of insurance by unlicensed clerical help; the new proposed article prohibiting the writing of fictitious fleets; to add new articles prohibiting restriction in loan agreements on borrowers' right to place insurance on personal property.

Measures Approved

Proposed measures approved included a measure similar to the above loan agreements, several of which are designed to clarify various sections; another which will permit an agent or broker to sell his business during his life time for a price based upon commissions to be earned; an amendment to Section 760 regarding controlled business which would eliminate certain loopholes afforded by the use of partnerships and subsidiary corporations; a new chapter to the code to protect the rights of licensees called into military service; providing the same fee for motor club agents as for insurance agents; an amendment to clarify the right of an insurance broker to place life insurance. The latter was approved with the condition that the Association of Life Insurance Presidents be requested for an opinion. Another approved provides for suspension or revocation of license of any person who aids or abets another to violate the insurance laws.

CALIFORNIA SENATE CONSERVATIVE

SAN FRANCISCO—Although assured that there will be a large number of insurance bills at the coming session of the California legislature next January, the business is not particularly concerned over the outlook. The pre-legislature conferences now being held are giving the agents, brokers and company representatives an opportunity to see what is being considered and to make changes they may desire. A number of the bills originally proposed will probably not be introduced.

If any stringent bills do go before the legislature without having been "aired" at the conferences the insurance business is assured that the senate will be conservative again this coming year.

The make-up of the senate, mostly conservative Republicans and Democrats, has been a block to radical proposals which appear at almost every session. All of these conservatives were reelected in the November balloting.

Washington League Now "Association"

SEATTLE—Following the recommendation of the National Association of Insurance Agents, the Insurance Agents League of Washington has changed its name to Washington Association of Insurance Agents. The action was taken at a dinner meeting here of the executive committee and local board presidents.

A proposal by the traffic safety committee was presented by C. M. Ballard, Seattle, calling for concerted effort on the part of agents throughout the state in enlisting support of municipal officials in requesting the governor to create a new post of traffic safety engineer to coordinate the efforts of the highway patrol and the department of highways in an effort to reduce Washington's mounting accident toll. Mr. Ballard pointed out that in the first ten months of 1940 there were 375 traffic fatalities as compared with 327 for the corresponding period of 1939.

E. R. Bowden outlined plans for the 1941 legislative session. He said that the caliber of the legislature as a result of the Nov. 5 election is the best in many years. The election of A. B. Langlie as governor is a favorable development which will improve the legislative

picture from an insurance standpoint, Mr. Bowden reported. O. L. Madison, chairman fire prevention committee, said the league staged the most successful Fire Prevention Week in its history, with agents in all sections taking part in the drive.

There will be no drying up of bank facilities for over-the-counter loans on automobiles as a result of the soldiers and sailors moratorium act, E. W. Newton, chairman of the bank contact committee, declared. After checking the law carefully, Mr. Newton said its provisions are not as drastic as they first appeared to be.

Louis LaBow announced that educational meetings are being sponsored by a committee which he heads. Nine meetings have already been held and seven more will be held before the end of the month, covering all of the key cities of the state. The theme of the meetings is how to take advantage of premium-producing opportunities created by the national defense program.

Irwin Mesher, executive secretary, submitted a report on the league's financial status. General Beebe of the Washington Taxpayers Association discussed the old age pension initiative passed at the recent election. He said that the state would be called upon to



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pay \$40 per month to every person 65 years or older without assets or income and that this would increase the state's present \$5,000,000 annual expenditure to over \$30,000,000.

Automobile insurance companies are considering the launching of an assigned risk plan to take care of first offenders who are unable to secure insurance under the financial responsibility law, the committee was told. However, the companies in preliminary discussions of the problems have frowned upon a pool arrangement such as was suggested some time ago by the insurance department.

Oregon Bureau Revises Rate and Form Change Rule

A number of changes announced by the Oregon insurance rating bureau include rewording the rule on earned charges and rewriting of policies to replace cancelled policies and a new rule relating to the application of rule and rate changes. The effective date of changes in rules or rates will now be the date of publication. On specific rate publications, the date of publication or the specifically published effective date will prevail. Restrictive changes in rules and forms which do not affect the rate will not become mandatory unless otherwise specified until six months after publication. Unless otherwise specifically provided, general changes will not be applicable to policies issued to take effect more than 60 days prior to the effective date of such changes. Pro rata cancellation for the purpose of rewriting at a reduced rate will not be approved. Changes in specifically published rates, however, will be applicable to all policies in effect unless otherwise provided in the circular or in the rate publication.

There is an important extension and broadening of the rule governing the application of the monthly average provisional reporting fire form. This form may now be used on all risks except oil (other than mineral) in tanks and vegetable oil mills and cotton in gins, warehouses, compresses and yards. Formerly the rule specified the eligible risks.

Extended Coverage Changes

The extended coverage manual has been revised to include additional charges and expenses insurance, a provision for determining use and occupancy rates on radio broadcasting properties, specific exclusion of all crops in the open and to clarify the rules for leasehold interest and rental income insurance.

The bureau has also published a special endorsement for grain covered by Commodity Credit Corporation loans. It is similar to the one put in force in Washington last month.

Commercial Union Conference

LOS ANGELES—The first of a series of educational meetings for agents and brokers of the Commercial Union group in southern California was held here with 60 present. J. E. Joseph, resident manager, stressed the necessity for agents and brokers keeping up with the frequent changes which are being made and the necessity of learning all the details of the business.

A. A. Christian, superintendent bonding department, discussed the new "Fidelity Blanket Bond," pointing out its principal features and its adaptability to meet present day situations.

J. M. Tracy, Los Angeles special agent, analyzed the new "Comprehensive Automobile Policy," pointing out the broader coverages afforded and the new comprehensive insuring clause. He also pointed out the change in time of reporting claims and payment of losses.

George Whitford Speaks

DENVER—George V. Whitford, inland marine special agent in Chicago for the Fire Association, discussed the personal property floater at the installation meeting of the Denver Association of Insurance Women. He gave a complete analysis of this coverage, urged its

growing importance in all branches of the business. Carl Eppich installed the new officers. Hazel O'Neill, Merchants Fire, is the new president. The association's dinner-dance will be held Nov. 23.

Mr. Whitford's old home is Denver. He was there visiting relatives.

Delay Colo. Commissioner 'Exam'

DENVER—A further unexplained delay occurred in holding the oral section of the civil service examination for insurance commissioner. So far the civil service commission has not announced when that part of the examination will be given. The written examination was given more than a month ago.

Legislative Problems Discussed

SEATTLE—Floyd Oles, manager Washington Tax Payers Association, addressed the luncheon meeting of King County Insurance Association.

Passage of the initiative old-age pension measure, to pay \$40 a month, presents a serious tax problem to the 1941 legislature. The problem of raising the necessary revenue and its effect on business was discussed.

Place Los Angeles School Cover

LOS ANGELES—The Los Angeles board of education has renewed fire insurance on 57 schools totaling \$10,397,600. This is one-fifth of the total amount carried on the school properties, and covers the policies which expire this month. The premiums on the line amounted approximately to \$540,503, the policies running for five years.

As in the past the line was divided among board, non-board and mutual companies according to the schedule established by conferences between the board and the different interests.

Explain Credit Group's Plans

SAN FRANCISCO—Jay W. Stevens, chief fire prevention bureau of the National Board and chairman of the insurance group in the Credit Men's Association of Central-Northern California, and R. J. Mayle, vice-president Pacific National Fire, secretary of the group, addressed the Fire Underwriters Forum here, outlining the plans and objectives of the insurance members of the credit organization.

W. M. Mutch, Travelers Fire, who has served two terms as president of the Forum, appointed a nominating committee headed by J. H. Rea, North America. The annual banquet and election will be held Dec. 11. Forum membership now totals 129.

Mr. Stevens also explained objectives of the credit group before the Insurance Accountants Association.

Educational Program in Spokane

SPOKANE, WASH.—A statewide insurance educational program was staged here by the Spokane Insurance Association, Special Agents Association of Spokane and the Insurance Agents League of Washington. The Pacific Telephone & Telegraph Co., presented sound motion pictures.

Denver Board Gets Housing Line

DENVER—The Denver Housing Authority has appointed the Denver Association of Insurance Agents to handle the major portion of insurance coverage on the local project now nearing completion. It was announced this week by President Charles Schoelzel. The insurance to be awarded the association will include primarily fire and liability coverage. It is considered likely that the smaller incidental coverages will be placed with individual agents.

NEWS BRIEFS

LeGrande Ellis of the Buckman-Mitchell Agency, Visalia, Cal., received a consol radio, donated by the Pacific department of the New York Underwriters for his prowess at prognosticating election

results. The radio was in a contest conducted at the recent convention of the California Association of Insurance Agents. Mr. Ellis was correct in his guesses on 43 states.

A. D. Trunkey, Portland, Ore., manager Lamping & Co., is convalescing satisfactorily following an operation for hernia.

At the annual meeting of the San Francisco Insurance Women's League, these officers were elected: Miss Dor-

othy Cornich, president; Maybelle Anderson, vice-president; Shirley Rayburn, secretary, and Viola Black, treasurer. The annual Christmas party will be held Dec. 14.

The Insurance Women's Association of Portland, Ore., plans a Christmas party Dec. 18, the admission charge to be one doll. The dolls will be turned over to the Portland Toy & Joy Makers organization of the local fire department for distribution at Christmas.

EASTERN STATES ACTIVITIES

Reallocate Buffalo Housing Insurance

BUFFALO—To prevent future placing of a major share of Municipal Housing Authority insurance business in the hands of one agency, a new policy-placing system has been devised through which the premiums will be divided among a sizable number of agents and brokers.

Fitzpatrick, Danahy, Inc., headed by Paul E. Fitzpatrick, democratic county chairman, now receives more than 50 percent of all the premiums paid by the authority, including the two largest policies—public liability and workmen's compensation.

W. L. Collins, former authority chairman, assisted in forming the agency, then known as Collins, Fitzpatrick & Danahy. He left the organization shortly afterward.

The public liability insurance covers all the projects here except Kenfield, which is protected through the United States Housing Authority. It has been extended with Fitzpatrick-Danahy for three years from June 1, 1940, by the present MHA, which decided against changing the entire insurance setup at one time.

General Agents, Broker Selected

The new procedure was devised by E. J. Schenck, a member of the authority and himself an insurance broker, but whose firm does not receive any of the authority's business. It provides for selection of a number of qualified general agents for the various types of insurance and designation by the authority of brokers who are to receive brokerage fees. Thus, a general agent will distribute the commission to the brokers designated by the authority.

For example, Orson Yeager & Co. has been designated as general agent to carry the \$445,000 Willert-Park fire insurance. As general agent, Yeager & Co. will receive 20 percent commission. The authority has designated one broker who will receive 10 percent on that line.

Similarly, Lawrence Tremaine, Inc., is general agent for the \$1,909,758 Lakeview fire insurance. The agency receives 30 percent commission and 20 percent out of that amount will be divided among eight brokers whom the authority has designated.

Broaden, Simplify Coverages

BOSTON—Changes in casualty lines were explained at the Massachusetts Insurance Women's Association's dinner meeting by W. C. Burke, assistant manager O'Neil & Parker, Boston.

Although policy forms will be broader in their scope of coverage, they are being made simpler by the elimination of many phrases from the agreement clauses, the indemnity paragraphs, the policy considerations and the declarations by the insured which we now believe to be essential, Mr. Burke said.

"It has been the constant objective to liberalize insurance forms to the advantage of the public, to circumvent legal technicalities even to the disadvantage of the companies, and to provide such new coverage, no matter how novel, as the necessities of modern business may require. The ultimate objective is

to find a way in which we can offer protection to the policyholder against every insurable hazard, and then help to reduce the cost of such protection through the prevention of losses," he said.

Plan Arlington, Mass., Board

A meeting to organize a new local board in Arlington, Mass., with representatives from surrounding towns, will be held Thursday evening in Arlington. President F. R. A. McGlynn and Secretary Clark of the Massachusetts Association of Insurance Agents, H. M. Eastbrook, Lynn; P. Marsh and Carl Hurst of the Bay State Club will assist in formation of the new board.

To Fight Pa. Compulsory Bill

Directors of the Pennsylvania Association of Insurance Agents at a meeting in Harrisburg decided to combat aggressively the expected movement to enact a compulsory automobile insurance bill at the 1941 session of the legislature. In previous years, the Pennsylvania department and the Pennsylvania Bureau of Motor Vehicles have opposed compulsory insurance.

The directors completed the organization of the executive committee by electing three additional members, they being K. H. Bair, Greensburg; J. W. Barr, Oil City and H. D. Wolff, Easton. The other members are officers of the association.

National Mutual's Exhibit

The National Mutual of Bethlehem, Pa., as of Oct. 1, shows assets \$188,030, liabilities \$27,090, contingent reserve \$10,000, net surplus \$150,940. Under the law under which the company operates there is no premium reserve required. New interests got control of the company in 1936. Its premiums last year were \$170,419. It is expanding and its premiums have increased this year.

Asks Additional Clinic Funds

CUMBERLAND, MD.—Commissioner Gontum has requested additional funds to hold insurance clinics in other sections of the state, similar to those being conducted here. Under the present plan a representative visits Cumberland every two weeks to confer with persons having insurance problems to submit to the department. It enables immediate settlement of the questions without making trips to the commissioner's office. It is also more satisfactory than correspondence. Should this expansion plan be authorized, it is thought that Commissioner Gontum will open clinics at Hagerstown and Frederick, in western Maryland, and Salisbury and one other town on the eastern shore.

Pittsburgh Course Starts Dec. 2

PITTSBURGH—Classes of the insurance school sponsored by the Insurance Club of Pittsburgh and other insurance organizations will be held on Mondays and Thursdays from 6 p. m. until 8 p. m. The required introductory course will begin Dec. 2 and continues through Jan. 16; the second course will be Jan. 20-March 20, and the third March 24-May 22. "General Insurance"

by John H. Magee will be the textbook. The cooperating organizations are the Pittsburgh Association of Insurance Agents, Casualty Insurance Association of Pittsburgh, Surety Association of Pittsburgh, Pittsburgh Accident & Health Association, Smoke & Cinder Club and Pittsburgh Casualty Claims Association.

H. S. Bepko, general agent Virginia Fire & Marine, is chairman.

Buyers Meet in Worcester

WORCESTER, MASS.—The third meeting of the Association of Insurance Company Buyers was held here with A. W. Johnson, purchasing agent State Mutual Life, as host. After an inspection of the fluorescent lighting experimental room of the company, members visited new equipment rooms of Massachusetts Protective and inspected the lighting. W. G. Darley, General Electric Company, Nela Park, Cleveland, was the speaker at the dinner session. The next meeting will be held in Springfield, Mass., with Edwin Johnson, purchasing agent Massachusetts Mutual Life, as host.

W. S. Macy to N. Y. State

Northwestern Mutual Fire has appointed W. S. Macy as special agent for New York state with headquarters in the State Tower building, Syracuse. He has been with Northwestern 15 years. He has served as manager of the Wenatchee and Tacoma, Wash., regional offices as well as manager and special agent for the San Francisco Bay area. He also spent several years as an agent.

May Seek to Tax Cooperatives

President George M. Putnam of the New Hampshire Farm Bureau Federation, announced at a Farm Bureau meeting at Center Ossipee, N. H., that measures to tax cooperative insurance companies probably will be introduced in the 1941 New Hampshire legislature.

May Revive Paper Mill Mutual

BOSTON—Directors of the Paper Mill Mutual of Boston, which began business in 1887 and in 1939 transferred all its outstanding business to the Boston Manufacturers Mutual Fire by reinsurance, have called a special meeting for Dec. 3 to vote on a proposal to reestablish the company and resume business with a guaranty capital of \$200,000. It was one of the Associated Factory Mutual group. It retained its Massachusetts charter and continued to maintain assets in excess of the premium deposits transferred to the Boston Manufacturers.

NEWS BRIEFS

W. J. Cushing, treasurer Hingham Mutual Fire, who has made several trips abroad, addressed the Fire Chiefs Club of Plymouth County on "Europe Before the Total War."

The W. S. Attridge & Co. agency in Boston, has been reorganized, with the addition of J. H. Darrah as a member of the firm and vice-president. Mr. Darrah has been manager for some years of the Atlantic Mutual office in Boston and previously was with Globe Indemnity.

E. E. Bartlett has been elected president of Rich, Bartlett & Cormack, Buffalo insurance agency, succeeding G. B. Rich, who has been chosen chairman of the board.

George N. Wade of Harrisburg, Pa., who was elected to the state senate, conducts his own agency and in addition to his fire and casualty companies is general agent of the Ohio National Life.

Hearing in Auto Club Case

COLUMBUS, O.—A hearing was held in the common pleas court Monday on the appeal of the Automobile Insurance Agency, Inc., of Cincinnati from the ruling of the Ohio department, which had refused to relicense it. Each side will be permitted to file briefs.

MOTOR

Police Check Auto Fires

BATON ROUGE, LA.—Steve Alford, state police superintendent, reports his department is cooperating with insurance men in an attempt to reduce automobile fire rates in the state. Systematic investigation of automobile fires was started in August and since that time confessions have been obtained in nine cases involving 15 men.

To Discuss Comprehensive Policy

James C. O'Connor, editor, "Fire, Casualty & Surety Bulletins" of THE NATIONAL UNDERWRITER, will discuss the new comprehensive automobile policy at the luncheon meeting of the Automobile Superintendents Club of Chicago next Monday. There will be an open forum discussion of this contract. Louis Ollmert, Aetna Casualty, is president of the club.

CANADIAN

Kilgour Canadian Manager for Three U. S. Companies

TORONTO—John J. Kilgour, who has been superintendent of agents in Canada for the American of Newark, Fire Association and Security of New Haven, has been appointed Canadian manager of those companies, succeeding the late William Thompson, who had been manager for 10 years. Mr. Kilgour has been in the insurance business since 1920 and joined the American in 1926.

Kenneth M. Thompson, son of the late manager, is appointed assistant manager of the group, which he joined in 1937.

MARINE

Braislins Visits Tacoma Bridge on Company Inspection Tour

John C. Braislins, marine secretary at the head office of Travelers Fire, has returned to the home office from a Pacific Coast trip. He was in San Francisco at the time of the Tacoma bridge collapse and he went forthwith to Tacoma where he made a personal inspection of the loss. He got a pass and walked out on what was left of the bridge.

Officers Are Reelected

The American Syndicate for Insurance of Foreign Hulls reelected its officers, W. B. Harwood is chairman; Henry H. Reed, deputy chairman; W. C. Anderson, underwriter; E. W. Schuler, treasurer; N. S. Adams, secretary, and S. D. Livingston, assistant secretary.

Ellis L. Benson, superintendent of the marine department in Los Angeles for Automobile and Standard Fire of Hartford, celebrated his 25th anniversary with those companies. He went with the Aetna Life group in Chicago in 1915 and was transferred to San Francisco in 1930. Two years later he was made manager of the marine department in Los Angeles.

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Ill. Issues First Report on Lloyds

(CONTINUED FROM PAGE 21)

Lloyds under its license before counter-signing surplus line policies.

Adjusters agreed to furnish monthly reports to Mr. Lord of remittances from London and of remittances to London for salvage saving; to furnish Mr. Lord with record of claims incurred and disposed of and maintain a complete history of each claim.

On Dec. 28, 1937, Mr. Lord made a deposit of cash in the Continental Illinois National Bank & Trust Company of \$1,250,000; First National Bank of Chicago, \$450,000; Harris Trust & Savings Bank, \$400,000 and American National Bank & Trust Company, \$250,000. In January of 1938, these deposits were invested in U. S. Treasury bonds and in March of 1939 the bonds were sold at a profit of \$105,234. The deposit was re-invested in another U. S. Treasury issue and that was sold in April, 1939 at a profit of \$10,218. The proceeds of \$2,465,453 were thereafter held in cash.

On Dec. 31, 1939, the underwriters at Lloyds who were authorized to transact business in Illinois, were grouped into 71 syndicates. These syndicates were comprised of from one to 288 units or underwriters represented by one or more underwriting agents. Frequently, a single underwriter comprises a unit in two or more syndicates.

Deposits of Underwriters

Each underwriter has a minimum deposit of £5,000 with Lloyds, and these are increased in accordance with the volume of insurance transacted and the nature of the hazard in connection therewith. Additional deposits are required of underwriters transacting fire and accident insurance. No underwriter is permitted to accept in excess of \$1,000 or the equivalent of 10 percent of his deposit, whichever is greater, on any single risk for each kind of insurance after reinsurance deductions.

The examiners found that the department has been properly notified of all changes in underwriters. In the event of death or withdrawal of an underwriter from a syndicate, a substitution is made or the syndicate is reconstituted.

Syndicates of authorized underwriters have entered into a reinsurance agreement with other syndicates of underwriters at Lloyds. Although an underwriter may be a member of a number of syndicates, he shall not be a member of a syndicate which accepts reinsurance from an authorized syndicate of which he is a member. Mr. Lord has taken full credit for all reinsurance on the grounds that in the absence of a formal disapproval such an arrangement is permissible under the insurance code.

London agents for the syndicates as of Dec. 31, 1939, had entered into contracts extending and limiting the author-

ity of 36 Illinois agents to issue binding contracts.

In the event an Illinois agent has bound a so-called "open market" risk for which he has no other authority, he must produce for Mr. Lord's inspection, a confirmation from London.

In addition to the commission retained by the Illinois agent, a commission of 5 percent is allowed the London broker. When a London agent accepts a risk direct from the applicant all information is furnished Mr. Lord by the London agent. In the event that a report of an Illinois agent reflects the fact that an acceptable risk, having limits in excess of that authorized (\$235,000) has been bound, reinsurance is secured by the London agent and Mr. Lord is advised.

The principal duty of Mr. Lord is the assimilation of information contained in agents', brokers', lawyers', and adjusters' reports and the recording of such information for examination by the insurance department and annual statement purposes. Representatives of Mr. Lord make checks of the agents', brokers', and adjusters' records to verify information.

Record of 1939 Operations

For the year 1939, net premiums written were \$3,051,166 and net losses paid \$1,523,508. Claim expense amounted to \$354,881, commissions \$647,816, salaries \$15,823, taxes \$63,551, remittances to London \$2,084,861.

The loss reserve on Dec. 31, amounted to \$2,163,453 and premium reserve, \$1,377,013.

Authorization to write compensation was canceled as of Dec. 28, 1937. Lloyds shows some compensation writings, however, but these are by way of reinsurance of four Illinois companies. In March, 1938, Mr. Lord was informed by the Illinois department that Lloyds no longer would be permitted to write fire and vehicle business. The writings in these classifications that appear are by way of reinsurance from Illinois companies.

There is an item in the Lloyds' statement of \$234,119 being "miscellaneous" premiums. The reports shows the breakdown of this item. It consists of riot and civil commotion, \$7,636; householders' comprehensive \$16,349; personal property floater \$13,744; commercial all risk floater \$38,911; retrospective premium \$105,243; cargo \$22,489; aircraft, \$2,366 and "miscellaneous" including collapse, live stock, twin births, etc. \$27,112. The other writings included accident \$73,551; fire, hail, windstorm and sprinkler leakage \$81,997; "any variety thereof" \$83,242; auto liability \$99,796; other liability \$1,136,724; compensation \$29,349; fidelity \$864,053; surety \$40,248; plate glass \$1,025; burglary and theft \$186,111; steam boiler \$2,312; machinery \$11,505; auto P. D. \$29,865 and other P. D. and collision \$183,015.

The mean percentage of commissions was 23.05.

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